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1st Session }

SENATE

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ACTIVITIES OF THE COMMITTEE ON  
GOVERNMENTAL AFFAIRS

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REPORT

OF THE

COMMITTEE ON GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE

AND ITS

SUBCOMMITTEES

FOR THE

ONE HUNDRED FIFTH CONGRESS



JANUARY 29, 2001.—Ordered to be printed

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<sup>1</sup>Did not serve on the Committee during the Special Investigation Hearings from May 21, 1997 to March 10, 1998.

<sup>2</sup>Joined the Committee during the Special Investigation Hearings from May 21, 1997 to March 10, 1998.

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Mr. SPECTER, of Pennsylvania	Mr. CLELAND, of Georgia
Mr. SMITH, of New Hampshire <sup>2</sup>	

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<sup>1</sup>Did not serve on the Subcommittee during the Special Investigation Hearings from May 21, 1997 to March 10, 1998.

<sup>2</sup>Joined the Subcommittee during the Special Investigation Hearings from May 21, 1997 to March 10, 1998.

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ACTIVITIES OF THE COMMITTEE ON GOVERNMENTAL  
AFFAIRS DURING THE 105TH CONGRESS

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JANUARY 29, 2001.—Ordered to be printed

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Mr. THOMPSON, from the Committee on Governmental Affairs,  
submitted the following

REPORT

This report reviews the legislative and oversight activities of the Committee on Governmental Affairs during the 105th Congress. These activities parallel the broad scope of responsibilities vested in the Committee by the Legislative Reorganization Act of 1946, as amended, rule XXV(k) of the Standing Rules of the Senate, and additional authorizing resolutions.

I. HIGHLIGHTS OF ACTIVITIES

In the 105th Congress, the Senate Governmental Affairs Committee continued its pursuit of a smaller, more efficient and accountable government. The Committee's jurisdiction is extensive. This writ covers not only whether taxpayers are getting their money's worth on over \$1.9 trillion in annual Federal expenditures, but also includes the \$700 billion in annual regulatory expenditures, the \$850 billion government loan portfolio, Federal insurance programs and the impact of Federal mandates on State and local governments. The Committee is committed to effective oversight of all of these instruments used by the government.

Over the years, the Committee has consistently worked to create a leaner, more efficient government. Legislation originating from the Committee established a new framework for government accountability. This statutory framework includes the Government Performance and Results Act of 1993 (P.L. 103-62); financial management statutes, such as the Chief Financial Officers Act of 1990 (P.L. 103-356), the Federal Managers' Financial Integrity Act of 1996 (P.L. 104-208), and the Federal Financial Management Improvement Act of 1982 (P.L. 97-255); and acquisition and information technology management reforms, such as the Federal Acquisition Streamlining Act of 1994 (P.L. 103-355) and the Clinger-Cohen Act of 1996 (Divisions D and E of P.L. 104-106). These statutes will be driving Federal agencies to modernize and

improve both performance and accountability. Chairman Thompson said “it is for us—the Congress and the Administration—now to work together to ensure that these management reforms now in place are implemented and accomplish their goals to improve government performance and results.” The Committee believes that considerable progress was made, particularly in light of the extensive period of time devoted to the Committee’s special Investigation of Illegal or Improper Activities in Connection with 1996 Federal Election Campaigns.

#### HIGH RISK AGENCIES

The Committee spotlighted the most egregious examples of government waste and mismanagement. The Committee held hearings on those agencies the General Accounting Office (GAO) identified as most susceptible to waste, fraud, abuse and mismanagement: The IRS, the Department of Defense (DOD), the Department of Housing and Urban Development (HUD) and the Census Bureau. Subsequently, Chairman Thompson and Senators Cochran, Brownback, Durbin and Cleland were appointed from the Committee to the Conference Committee which finalized the historic IRS reform act.

#### INFORMATION SECURITY/VULNERABILITY

The Committee uncovered and identified failures of information security affecting our international security and vulnerability to domestic and international terrorism. Chairman Thompson highlighted our Nation’s vulnerability to computer attacks—from international and domestic terrorists to crime rings to everyday hackers. The Committee conducted studies on the computer security vulnerabilities of the State Department, the FAA, the Social Security Administration, and the Veterans’ Administration.

#### RESULTS ACT

Meaningful implementation of the Government Performance and Results Act (GPRA) was a major Committee priority. GPRA requires agencies to set multiyear strategic goals and corresponding annual goals, measure performance toward the achievement of those goals, and report on their progress. At a first-ever joint hearing of their two committees, Chairman Thompson and Appropriations Committee Chairman Ted Stevens called on Federal agencies to actively work for a leaner, results-oriented government by complying with GPRA.

To spur agency implementation of GPRA, the Committee engaged in correspondence with the Office of Management and Budget (OMB) and individual agencies regarding their statutory obligations under GPRA. In addition, the Committee sponsored audit and investigative work at GAO with respect to strategic plans, performance planning, performance budgeting, and program evaluation.

#### GOVERNMENT PROCUREMENT REFORM

Given that the Federal Government spends about \$200 billion annually on buying everything from weapons systems to computer systems to everyday commodities, the Committee’s role is to ensure that, within that system, industry sellers and government buyers offer and acquire, respectively, maximum value for the taxpayer.

Chairman Thompson developed consensus legislation, the FAIR Act, to require Federal agencies to identify those activities currently performed by Federal employees that could be performed by the private sector. The Committee added language to other legislation to further streamline and simplify the procurement system. The Committee also opposed legislation and regulations which would have added unnecessary government-unique requirements to Federal contracts and increased costs to the taxpayer.

#### REGULATORY ISSUES

The Chairman initiated a series of GAO investigations of the Administration's management of the regulatory process and its compliance with "transparency requirements" and cost-benefit analyses. Chairman Thompson and Senator Levin drafted and moved the Regulatory Improvement Act through the Committee, after working successfully to develop broad bipartisan support for this measure. Chairman Thompson also drafted and passed regulatory accounting legislation, now law, which requires that Federal agencies report on the costs of Federal regulatory programs for fiscal year 1999.

#### VACANCIES ACT

Chairman Thompson, working with Senator Robert Byrd (D-WV), Senator Strom Thurmond (R-SC), and Committee Democrats, developed and managed to enactment bipartisan legislation to preserve our Constitutional system of checks and balances and assure that officials serving in key government jobs have been nominated and confirmed as required by law. At the time of enactment of the Vacancies Act (Public Law 105-277), 20 percent of the 340 Executive Branch positions which require Senate confirmation were held by acting officials.

#### FINANCIAL MISMANAGEMENT

As part of its efforts to improve financial management in the Federal Government, the Committee highlighted financial mismanagement at DOD, where waste, fraud, and abuse totalled billions of dollars. Of the GAO audit opinion of the Federal Government's first ever consolidated financial statements, Chairman Thompson said: "The government failed miserably. The government's deteriorating accounting systems put Congress at a severe disadvantage because we lack reliable information to assess program performance, control costs and stop widespread waste, fraud and abuse."

In that audit, Secretary of the Treasury Robert Rubin described the work in the Executive Branch to improve financial management. But, he agreed that more needed to be done. Secretary Rubin wrote, "Despite the substantial progress that has been made, however, further improvements are clearly necessary."

#### YEAR 2000 COMPUTER PROBLEM

Through hearings and other actions, the Committee kept pressure on the Executive agencies to treat the anticipated year 2000 computer failure with the seriousness it demands.

## DECENNIAL CENSUS

The Committee identified, examined and worked toward the resolution of the Census Bureau's problems and progress in preparing for the 2000 decennial census. The 2000 census was the subject of two oversight hearings and a Committee-requested GAO investigation. The Committee challenged the new Census director, during his confirmation process, to rise to his critical management tasks.

## FEDERALISM

Rule XXV of the Standing Rules of the Senate vests responsibility for intergovernmental relations with the Committee. Federalism, the Federal Government's relationship with the States, is the constitutional principle that the Federal Government has limited powers and that government closest to the people—States and localities—plays a critical role in our governmental system.

Shortly after becoming Chairman, Senator Thompson initiated a GAO review of agency compliance with Title II of the Unfunded Mandates Reform Act. Among other things, Title II requires agencies to consider the extent to which regulations impose significant unfunded mandates on State, local, and tribal governments. It also calls for agencies to consider regulatory alternatives and to select the alternative that is the least costly, most cost-effective, or least burdensome. GAO found that, in many instances, Title II had little effect on agency rulemaking. Senator Thompson also worked closely with the National Governors' Association, the National Conference of State Legislatures, and other State and local government organizations to reform the regulatory process and to make agencies more sensitive to State and local government concerns.

Chairman Thompson also sponsored a resolution to stop repeal of the Reagan Executive Order on Federalism (E.O. 12612) and an attempt to replace it with a new Executive Order that was opposed by State and local officials. That resolution passed the Senate unanimously as an amendment to the appropriations bill for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for Fiscal Year 1999. Chairman Thompson subsequently introduced legislation requiring Federal agencies to respect Federalism when formulating policies and implementing the laws passed by Congress.

## EXPORT CONTROLS

In 1998, the Administration's export control policy became a focus of national attention following allegations that American companies undermined national security by illegally transferring sensitive technology to China. Through its Subcommittee on International Security, Proliferation, and Federal Services, chaired by Senator Cochran, the Committee exercised consistent oversight on the issue of technology transfer and its facilitation of dangerous weapons proliferation. Because of this experience and expertise, Chairman Thompson and Senator Cochran were included on a Special Task Force created by the Majority Leader to examine the issue of technology transfers to China.

The Subcommittee on International Security, Proliferation, and Federal Services and the full Committee held a series of hearings examining America's export control process. At these hearings, a number of witnesses raised questions about the effectiveness and



efficiency of the U.S. export control system, and about the extent to which they believed lax export control policies helped the People's Republic of China improve the reliability of its ballistic missile program. The attention given this issue and the findings of the Committee contributed to legislative action. As part of the National Defense Authorization Act for Fiscal Year 1999, Congress returned communications satellite exports to the U.S. Munitions List run by the State Department, removing them from the more loosely-controlled Commerce Control List administered by the Department of Commerce. In addition, recognizing the need to further examine our export control policy, Chairman Thompson requested the Inspectors General at six agencies—the Departments of Commerce, Defense, State, Treasury, Energy, and the Central Intelligence Agency—to conduct an interagency investigation of the licensing process for dual-use items and munitions.

#### BUDGET REFORMS

Budgetary reform is another priority of the Committee. Senate rules grant joint jurisdiction on budget process reform legislation to the Committee and the Committee on the Budget. Chairman Thompson teamed up with Budget Committee Chairman Domenici to push for budget reform. A bill was reported out of the Committee to provide for a biennial budget and appropriations process which would reduce the amount of time spent on the budget process and provide more time for program oversight and reviewing government performance.

#### INSPECTORS GENERAL

Nineteen hundred and ninety eight marked the 20th anniversary of the Inspector General Act. To commemorate the occasion, the Committee approved a joint resolution which was enacted congratulating the Inspectors General on their efforts to fight waste, fraud and abuse in the Federal Government. On September 9, 1998, the Committee conducted a hearing to address various threats to the effectiveness and independence of the Inspectors General. As a result of the hearing, the Committee began an investigation into alleged attempts to intimidate the Inspector General for the Department of Housing and Urban Development. The Committee also considered legislative proposals to amend the Inspector General Act.

#### DISTRICT OF COLUMBIA

Because the Committee has jurisdiction over the matters of the District of Columbia, the Committee devoted substantial time to D.C. reforms. The major piece of reform legislation in the 105th Congress was the National Capital Revitalization and Self-Government Improvement Act of 1997 which was enacted as part of the Balanced Budget Act of 1997 (Public Law 105–33). The Committee was involved extensively in the development of the Act which was designed to address serious financial and management problems the District of Columbia was experiencing. The law, among other things, temporarily altered the home rule status of D.C. by reducing the power of the Mayor and D.C. Council and transferring authority over various items to the previously-established financial control board and the Federal Government. Some of the major re-

sponsibilities transferred to the Federal Government include financial responsibility for D.C. prisons and court system and \$4.8 billion for D.C. pension liability for police, firefighters, teachers, and judges. The Act also increased the Federal contribution to Medicaid from 50 percent to 70 percent. The financial control board assumed authority over nine major agencies. The authority transferred to the control board included the ability to appoint and dismiss agency heads and direct the implementation of management reforms.

#### FEDERAL PERSONNEL ISSUES

In the 105th Congress, the Committee continued to exercise active oversight over a major part of its jurisdiction: Issues affecting Federal employees. The Committee reviewed and approved legislation which was enacted to improve the Federal Employees' Health Benefits Program and the Federal Employees Group Life Insurance program.

The Committee also addressed issues affecting the Federal Employees' Compensation Act—the comprehensive workers' compensation law for Federal employees. The Committee reported legislation which was enacted to ensure that persons who commit fraud in the receipt of FECA benefits would lose their entitlement to such benefits.

Finally, the Committee addressed budget issues affecting Federal and postal employees and retirees. While achieving targeted savings, the Committee approved budget reconciliation legislation which ended the delay in cost-of-living adjustments for Federal and postal retiree annuities, thereby treating the date on which cost-of-living adjustments are paid to Federal annuitants in the same manner as Social Security recipients and military retirees. These reforms were incorporated into the Balanced Budget Act of 1997 (Public Law 105–33).

#### SPECIAL INVESTIGATION

In the wake of numerous revelations in the news media of unusual, and possibly illegal, campaign contributions during the 1996 presidential campaign, the Senate Majority Leader announced in early December 1996 that the Committee on Governmental Affairs would conduct an investigation on behalf of the Senate into these fundraising practices following the convocation of the 105th Congress in January 1997. The Majority Leader chose to entrust the Committee, which has the broadest oversight jurisdiction and most extensive subpoena authority of any committee of the Senate, with this responsibility.

Subsequently, on March 11, 1997, the Senate voted unanimously to authorize the Committee to conduct “an investigation of illegal or improper activities in connection with 1996 Federal election campaigns” (S. Res. 39). Significantly, however, a deadline of December 31, 1997, was imposed on the investigation. The Committee's work was further impeded by the many witnesses who fled the country or asserted their Fifth Amendment right against self-incrimination, and the many public and private entities that either delayed their responses to Committee subpoenas or inquiries, or simply refused to cooperate at all. Despite these obstacles, however, in the brief time available to it, the Committee conducted a worldwide investigation: It issued 427 subpoenas, received over 1.5 mil-

lion pages of documents, took 200 depositions, conducted over 200 witness interviews, and held 32 days of hearings at which 72 witnesses testified. In early 1998, the Committee published a final report of 9,600 pages—S. Rept. 105–167 on March 10, 1998—and still returned \$850,000 to the U.S. Treasury.

Unfortunately, the Justice Department’s efforts to investigate the 1996 fundraising scandals lagged behind those of the Committee’s Special Investigation. An internal FBI memorandum sent to Director Louis Freeh in August 1997, for example, expressed concerns that the Committee investigators were often ahead of the Department’s Campaign Financing Task Force (CFTF).

By the end of the 105th Congress, the Task Force investigating the campaign finance scandals had achieved eight guilty pleas or convictions by individuals or corporations for activities related to their campaign fundraising:<sup>1</sup> Juan Ortiz (in connection with donations to the Democratic National Committee [DNC]); Johnny Chung (relating to straw donor contributions to the DNC); Howard Glicken (relating to contributions to the Democratic Senatorial Campaign Committee); Future Tech International (relating to straw donor contributions to the DNC); Gene Lum, Nora Lum, Trisha Lum, and Michael Brown (relating to straw donor contributions to the campaign of Senator Edward Kennedy). Numerous additional persons also stood accused of crimes in cases that had not yet concluded—including DNC fundraisers Maria Hsia, Yah Lin (“Charlie”) Trie, and Pauline Kanchanalak—and numerous other individuals or organizations were the subjects of ongoing investigations.

By the end of the 105th Congress, a separate inquiry by the U.S. Attorney’s office in New York had also produced five convictions or guilty pleas in connection with another subject examined during the Committee’s Special Investigation—the unlawful “swapping” of campaign contributions between the DNC and the International Brotherhood of Teamsters. As a result of the Committee’s inquiry, moreover, an Independent Counsel was also appointed to investigate Secretary of the Interior Bruce Babbitt, and preliminary inquiries under the Independent Counsel Act had been opened concerning the President, the Vice-President, and three other Administration officials. (In 1999, the Independent Counsel declared there to be insufficient evidence to warrant an indictment in the Babbitt case. Attorney General Janet Reno declined to request an Independent Counsel for any of the other preliminary inquiries.)

All in all, the Committee’s Special Investigation demonstrated that the U.S. campaign finance system had become subject to wide abuse and had essentially lost its ability to restrain and regulate the conduct of political fundraising in this country. Even before the end of the 105th Congress, the Committee’s public airing of the 1996 abuses was being widely cited by advocates of campaign finance reform—including both those who support a more strict regulatory framework and those who favor substituting full and complete disclosure rules for our current system of regulations.

<sup>1</sup>See U.S. Department of Justice, “Future Tech International and its CFO Agree to Plead Guilty to Tax and Campaign Finance Charges” (press release of December 17, 1998) (listing Task Force pleas and convictions).

## II. COMMITTEE JURISDICTION

In the 95th Congress, the jurisdiction and functions of the Committee on Governmental Affairs were substantially enlarged with the Senate approval of the Committee System Reorganization Amendments of 1977 (S. Res. 4, 95-1, February 4, 1977). S. Res. 4 also changed the Committee's name from the Committee on Government Operations to the Committee on Governmental Affairs.

Rule XXV(1)(k) of the Standing Rules of the Senate requires reference to this Committee of all proposed legislation, and other matters, dealing with (1) archives of the United States; (2) budget and accounting measures, other than appropriations, except as provided in the Congressional Act of 1974; (3) census and collection of statistics, including social and economic statistics; (4) congressional organization, except for matters which amend the rules or orders of the Senate; (5) Federal civil service; (6) government information; (7) intergovernmental relations; (8) municipal affairs of the District of Columbia; (9) organization and management of U.S. nuclear export policy; (10) organization and reorganization of the Executive Branch of the Government; (11) Postal Service; and (12) status of officers and employees of the United States including their classification, compensation and benefits.

The Committee is further authorized and directed to (1) receive and examine reports of the Controller General of the United States and to submit to the Senate such recommendations as the Committee deems advisable; (2) study the efficiency, economy and effectiveness of all agencies and departments of the government; (3) evaluate the effects of laws enacted to reorganize the Legislative and Executive Branches of Government; and (4) study the intergovernmental relations between the United States and international organizations of which the United States is a member.

In addition, the Committee has primary oversight and legislative jurisdiction over the GAO, the Office of Personnel Management, OMB, the Postal Service, and the General Services Administration, and processes all legislation relating to the disposal and the negotiated sales of Federal surplus property.

## III. BILLS AND RESOLUTIONS REFERRED AND CONSIDERED

During the 105th Congress, 146 Senate bills and 43 House bills were referred to the Committee for consideration. Also, 12 Concurrent Senate Resolutions, 7 Senate Resolutions and 2 House Concurrent Resolutions were referred to the Committee. Of the legislation received and considered, 50 bills were reported and 25 were enacted into law. In addition, 16 measures were enacted as part of other legislation.

## IV. HEARINGS

During the 105th Congress, the Committee and its three Subcommittees held a total of 133 hearings during 120 days on legislation, a wide variety of oversight issues, and nominations. At the full Committee level, a number of important topics were examined, including:

## BIENNIAL BUDGETING

On April 23, 1997, the Committee held a hearing on S. 261, the Biennial Budgeting and Appropriations Act. The hearing focused on the legislative proposal to convert the current annual budget and appropriations process to a 2-year, or biennial, cycle. The Committee heard from Franklin D. Raines, Director, OMB; Hon. Robert F. Bennett, U.S. Senator from the State of Utah; Charles J. Whalen, Senior Economist at the Institute for Industry Studies at Cornell University; Louis Fisher, Senior Specialist in Separation of Powers with the Congressional Research Service; and Susan J. Irving, Associate Director for Budget Issues, GAO. The bill was reported by the Committee to the Senate for consideration, but it was never acted upon.

## CORPORATE SUBSIDY REFORM

On February 13, 1997, the Committee held a hearing on S. 207, the Corporate Subsidy Reform Commission Act of 1997. The purpose of the hearing was to review S. 207, as introduced by Senator John McCain. The bill would create a Commission intended to fairly and independently review corporate subsidies and make recommendations to the President and the Congress for the retention, reform or termination of such subsidies. The Committee heard from Hon. John McCain, U.S. Senator from the State of Arizona; Hon. John F. Kerry, U.S. Senator from the State of Massachusetts; Hon. Russell D. Feingold, U.S. Senator from the State of Wisconsin; Thomas Schatz, President, Citizens Against Government Waste; Grover Nordquist, President, Americans for Tax Reform; Courtney Cuff, Green Scissors Campaign Director, Friends of the Earth; and Dean Stencil, Fiscal Policy Analyst with the Cato Institute. The bill was reported by the Committee to the Senate for consideration, but it was never acted upon.

## HIGH RISK AREAS

The Committee held several hearings during the 105th Congress on high risk areas at IRS, the Department of Defense (DOD), the Department of Housing and Urban Development (HUD) and the Bureau of the Census.

On March 5, 1997 the Committee held a hearing on Lasting Solutions to High Risk Programs. Witnesses included John Koskinen, Deputy Director for Management, OMB; Gene Dodaro, Assistant Comptroller, General Accounting and Information Management Division, GAO; Dwight Robinson, Deputy Secretary, HUD; and Susan Gaffney, Inspector General, HUD.

On April 10, 1997 the Committee held a hearing on IRS and the Taxpayer at Risk. Testifying at the hearing were Lawrence Summers, Deputy Secretary of Treasury, Department of Treasury; Michael Dolan, Deputy Commissioner, IRS; Dr. Rona Stillman, Chief Scientist, Office of Computers and Telecommunications Accounting and Information Management Division, GAO; and Donald C. Alexander, Akin, Gump, Strauss, Hauer and Feld.

A third high risk hearing was held on May 1, 1997 on the Department of Defense at Risk. Witnesses included Henry Hinton, Assistant Comptroller General for National Security and International Affairs, GAO; R. Noel Longuemare, Principal Deputy Under Secretary for Acquisition and Technology, DOD; John F.

Phillips, Deputy Under Secretary for Logistics, DOD; Emmett Paige, Assistant Secretary for Command, Control, Communications, and Intelligence, DOD; and John J. Hamre, Under Secretary and Comptroller, DOD.

#### INTERNAL REVENUE SERVICE RESTRUCTURING

On March 12, 1998, the Committee held a hearing to discuss the challenges of restructuring the Internal Revenue Service (IRS). The hearing focused specifically on the personnel and management flexibilities contained in legislation aimed at restructuring the IRS. Testifying at this hearing were Charles O. Rossotti, Commissioner of the Internal Revenue Service; G. Edward DeSeve, Deputy Director for Management, OMB; Carol J. Okin, Associate Director, Office of Merit Systems Oversight and Effectiveness, Office of Personnel Management; and Michael Brostek, Associate Director, Federal Workforce and Management Issues, GAO.

#### GOVERNMENT PERFORMANCE AND RESULTS ACT

The Government Performance and Results Act (GPRA) is the foundation of better government management, and oversight of the implementation of this law is critical to improving government performance. In June 1997, at a historic first-ever joint hearing of the two committees, Chairman Fred Thompson and Appropriations Committee Chairman Ted Stevens called on Federal agencies to actively work for a smaller, leaner government by complying with GPRA. Witnesses at this hearing were the Hon. Franklin D. Raines, Director, Office of Management and Budget; and James Hinchman, Acting Comptroller General of the United States, United States General Accounting Office. Oversight continued throughout the 105th Congress as the government implemented its first budget cycle under GPRA.

#### INFORMATION SECURITY

On May 19, 1998, the Committee continued to exercise its oversight over a major part of its jurisdiction: Information management. In particular, the Committee held a hearing on how Federal agencies are providing computer security. The hearing, "Weak Computer Security in the Government: Is the Public at Risk?" provided many new insights into how the government has not kept pace with the advances in technology and its multiple applications. In fact, the hearing revealed that, not only has technology advanced, it has become less complex for users and its availability is not limited but instead is widely distributed around the world.

Specifically, this hearing addressed systemic problems, which make government computer and communication systems vulnerable to both deliberate and inadvertent attacks. Dr. Peter Neumann, Principal Scientist, Computer Science Laboratory, SRI International, testified that our Nation's underlying information infrastructure (for example, power generation, transmission and distribution; air traffic control; and telecommunication) remain at risk. Even though the risk is widely known, Dr. Neumann stated that until high-visibility disasters occur, few people are willing to admit that something drastic needs to be done. He said that may take a Chernobyl-scale event to raise awareness levels adequately. Also, seven members of L0pht, a "hacker" think tank, provided tes-

timony to the Committee. Lopht said that, in a matter of 30 minutes, they could unlock the security systems within the Internet and make the entire system unusable for a couple of days. While they have shared this finding with appropriate authorities, they asserted that nothing has been done to remedy the problem.

On June 24, 1998, another hearing was conducted, "Cyber Attack: Is the Nation at Risk?" This hearing addressed threats and vulnerabilities to the U.S. national security due to weak computer security.

The Director of Central Intelligence, George Tenet, testified that information warfare has the potential to deal a crippling blow to our national security if strong measures are not taken to counter it. Director Tenet noted that the United States is highly dependent on information systems and therefore is the most likely target for an information attack. Potential threats range from national intelligence and military organizations, terrorists, criminals, industrial competitors, hackers, and disgruntled or disloyal insiders. Director Tenet stated that several countries, including Russia and China, have government-sponsored information warfare programs with both offensive and defensive applications. These countries see information warfare as a way of leveling the playing field against a stronger military power, such as the United States. The more difficult threat to assess is that from non-State actors, such as terrorists and criminals. Cyber attacks offer these groups greater security and operational flexibility. They can launch an assault from almost anywhere in the world without directly exposing themselves to physical harm.

The Director of the National Security Agency (NSA), Lieutenant General Ken Minihan, testified on the findings from the DOD's exercise "Eligible Receiver." This exercise demonstrated that our Nation's information infrastructure is riddled with vulnerabilities and that there exist severe deficiencies in our ability to respond to a coordinated attack on our national infrastructure and information systems. During the exercise, a team of hackers from NSA, using easily available tools obtained from the Internet, proved that they could deny our military the ability to deploy forces and conduct operations.

In the third hearing on computer security in Federal Government agencies, the Committee examined whether private information held by the Federal Government—information relating to one's identification, finances and health—is susceptible to unauthorized access and manipulation by computer hackers. The hearing on September 23, 1998, "Information Security," focused on the results of penetration testing performed at two Federal agencies—the Department of Veterans Affairs (VA) and the Social Security Administration (SSA).

Regarding SSA, the Committee heard testimony from agents of the SSA Office of Inspector General, who described a variety of computer crimes committed by SSA employees. The agents discussed in detail a series of prosecutions known as "Operation Pinch," in which 14 SSA employees were convicted for their part in a widespread credit card fraud ring centered in New York. The agents had determined that SSA employees sold identity information on 20,000 people whose credit cards were fraudulently activated by a West African crime ring, resulting in bank losses of at

least \$70 million. The cases demonstrate the danger of the “inside threat” to agencies that do not adequately monitor and limit computer access of their own employees.

Witnesses from GAO described the results of penetration testing at the VA and SSA. GAO was able, during its VA testing, to alter, disclose or delete sensitive information, such as financial data and personal information on veterans’ medical records and benefit payments. GAO’s penetration went undetected because the VA does not have a monitoring system. GAO’s penetration testing of the SSA exposed vulnerabilities in the SSA computer system to both external and internal intrusions. These types of weaknesses place at risk private information held by SSA, including Social Security numbers, earnings, disabilities, and benefits.

#### YEAR 2000

On April 1, 1998, a hearing was held on the Year 2000 problem, “Crashing into the Millennium.” This hearing addressed the Administration’s management of the problem to ensure that critical government systems are Year 2000 compliant and interpret the digits “00” as the year 1900 instead of the year 2000. The ability of Federal agencies to fix this problem was deemed insufficient.

The Assistant to the President for Year 2000, John Koskinen, along with the Deputy Secretaries from the Departments of Health and Human Services (HHS) and Transportation discussed their efforts to: Increase public awareness; enhance information or data exchange between and among Federal, State and local governments, as well as between public and private sectors; and ensure contingency plans are in place to avoid disruption of critical governmental operations and prevent harm to the health and safety of the public.

#### EXPORT CONTROLS

The Committee held a hearing on June 25, 1998, to examine the Defense Technology Security Agency and its role in approving critical technology exports.

Witnesses included Dr. Peter Leitner, Senior Strategic Trade Advisor, Defense Technology Security Administration, and Franklin Miller, Principal Deputy Assistant Secretary for Strategy and Threat Reduction, DOD. This hearing discussed serious allegations about the adequacy and fairness of the process by which dual-use export licensing decisions are evaluated within the Department of Defense and in the interagency dispute-resolution process.

#### INSPECTOR GENERAL ACT: 20TH ANNIVERSARY

Nineteen hundred ninety eight marked the 20th anniversary of the Inspector General (IG) Act, and the Committee, as the Senate’s primary IG oversight authority, held a hearing on September 9, 1998, to reflect on the health of the IGs and to consider various proposals to amend the IG Act. The Committee heard testimony from two prominent IGs—Susan Gaffney of HUD and June Gibbs Brown of HHS—and a witness from OMB.

First, Ms. Brown described her generally positive working relationship with HHS Secretary Donna Shalala, noting that an inspector general can be a valued internal advisor on issues relating to fraud and abuse, without compromising the IG’s independence. In



contrast, Ms. Gaffney discussed her troubled relationship with senior management at HUD, including difficulties over HUD's handling of an equal employment opportunity complaint against the IG, and pressure placed upon Ms. Gaffney to forego criticizing a high profile HUD reorganization initiative. The witnesses offered recommendations on how the IG Act might be amended and how IG/agency relationships should be structured to ensure IG productivity and independence.

#### CENSUS

The Committee's first census oversight hearing on March 11, 1997, gave Members an overview of the Bureau's plans for Census 2000. The focus of the testimony was two-fold: (1) to hear from the Secretary of Commerce and the Director of the Census Bureau regarding the Bureau's preparation and plans for Census 2000 and (2) to discuss how census data is used by States, local governments and the private sector. A subsequent hearing April 16, 1997, focused exclusively on the legal and scientific aspects of sampling and adjustment in the decennial census. It was clear from the testimony that opinions on the legal and statistical propriety of sampling in Census 2000 are as diverse as the methods used to conduct the census itself. For instance, a GAO report on the 2000 Census, "Preparations for Dress Rehearsal Leave Many Unanswered Questions," focused on a number of major operational design activities still in the development stage including address list development, outreach and promotion, staffing, and other major management issues. GAO auditors concluded that the longer these key decisions remain unresolved, the greater the risk of a failed 2000 census.

The Committee also held a hearing on September 17, 1998, on the nomination of Dr. J. Kenneth Prewitt, to be director of the Census Bureau. The Committee focused on Dr. Prewitt's qualifications to manage Census 2000 in light of the numerous immediate challenges facing the incoming director. The Senate confirmed Dr. Prewitt as Director of the Census Bureau on October 21, 1998.

#### VACANCIES ACT

On March 18, 1998, the Committee held a hearing, "Oversight of the Implementation of the Vacancies Act," then in effect. Appearing before the Committee as witnesses were: Hon. Robert C. Byrd, U.S. Senator from the State of West Virginia; Hon. Strom Thurmond, U.S. Senator from the State of South Carolina; Joseph N. Onek, Principal Deputy Associate Attorney General, accompanied by Daniel Koffsky, Special Counsel, Office of Legal Counsel; Joan M. Hollenbeck, Associate General Counsel, GAO; Michael J. Gerhardt, Professor of Law, Case Western Reserve University; Morton Rosenberg, Specialist in American Public Law, Congressional Research Service; and Paul C. Light, Director, Public Policy Program, The Pew Charitable Trusts.

All of the witnesses except those from the Justice Department supported legislation that would overturn the Justice Department's arguments of exemption from the Vacancies Act, and that would create an enforcement mechanism. Senators Byrd and Thurmond stressed the need for air-tight legislation so that the Justice Department could no longer argue that it is exempt from the Act. GAO testified that the Justice Department's interpretation of the

Vacancies Act was contrary to the language and legislative history of both the Act and its organic statute and also offered GAO's recommendation that legislation be passed to explicitly provide that the Act can be superseded only by a statute providing an alternative means for filling a particular vacancy. Prof. Michael Gephardt of Case Western University testified to the need to change some of the terms of art used in the Vacancies Act, and suggested lengthening the 120-day time period. Morton Rosenberg of the Congressional Research Service, spoke of the problem of transferring assistant secretaries from one position to another without undergoing Senate confirmation. Paul Light, of the Pew Charitable Trusts, testified that one of the problems with noncompliance of the Vacancies Act is the unnecessary proliferation of political appointees in the government at a time when total Federal employment was declining.

#### REFORM OF NATIONAL SECURITY INFORMATION CLASSIFICATION AND DECLASSIFICATION SYSTEM

On May 7, 1997, the Committee held a hearing to review the consensus final report and recommendations of the Commission on Protecting and Reducing Government Secrecy. The Committee heard testimony from the four congressional members of the Commission—Senator Daniel Patrick Moynihan, the Commission's Chairman; Senator Jesse Helms; Representative Larry Combest, the Commission's Vice Chairman; and Representative Lee Hamilton. The Committee also heard testimony from former Secretary of State Lawrence Eagleburger; journalist David Wise; and Alden V. Munson, Jr., senior vice president of the Information Systems Group of Litton Industries, Inc., a government contractor involved in classified programs.

On March 25, 1998, the Committee held a second hearing on the national security information system to consider S. 712, legislation which reflected the recommendations of the Commission on Protecting and Reducing Government Secrecy. The Committee heard testimony from Edmund Cohen, Director of Information Management, Central Intelligence Agency; William Leonard, Director of Security Programs, Department of Defense; A. Bryan Seibert, Director of the Office of Declassification, Department of Energy; Steven Garfinkel, Director of the Information Security Oversight Office, National Archives and Records Administration; T. Jeremy Gunn, Executive Director, John F. Kennedy Assassination Records Review Board; and Steven Aftergood, Director of the Project on Government Secrecy, Federation of American Scientists. The Committee received specific suggestions from these witnesses on provisions of the legislation and proposals for amendments to improve the legislation.

#### THE REGULATORY IMPROVEMENT ACT OF 1998

On September 12, 1997, the Committee held its first hearing on S. 981, the Regulatory Improvement Act of 1998. This hearing built on the Committee's extensive hearing record and legislative history on regulatory reform from the 104th Congress. Testifying at this hearing were Sally Katzen, Administrator, OMB's Office of Information and Regulatory Affairs; L. Nye Stevens, Director, Federal Management and Workforce Issues, General Government Division,

GAO; Thomas F. Walton, Director, Economic Policy, General Motors Corporation, on behalf of the Alliance for Understandable, Sensible and Accountable Regulation; Sal Risalvato, a small business owner, on behalf of the National Federation of Independent Business; James L. Martin, Director, Office of State-Federal Affairs, National Governors' Association; Ernest Gellhorn, Professor of Law, George Mason University School of Law; John D. Graham, Director, Harvard Center for Risk Analysis; C. Boyden Gray, Partner, Wilmer, Cutler and Pickering, former Counsel to the President and former Counsel to the Presidential Task Force on Regulatory Relief; David G. Hawkins, Senior Attorney, Natural Resources Defense Council; Paul R. Portney, President, Resources for the Future; and David Vladek, Director, Public Citizen Litigation Group.

The Committee held its second regulatory reform hearing on February 24, 1998. The first two witnesses were Hon. George Voinovich, Governor of Ohio and President of the National Governors' Association, and Hon. Ben Nelson, Governor of Nebraska and Chairman of the Committee on Natural Resources, National Governors' Association. Also testifying were Dr. Milton Russell, Senior Fellow of the Joint Institute for Energy and the Environment and Professor Emeritus at the University of Tennessee; Nancy Donley, President, Safe Tables Our Priority; Sue Doneth, Member, Safe Tables Our Priority; Dr. Lester Crawford, Georgetown Center for Food and Nutrition Policy; Michael Resnick, National School Boards Association; Dr. Bruce Alberts, President, National Academy of Sciences; Warren Belmar, Chair, ABA Administrative Law Committee; Frank Mirer, Director of Health and Safety, United Auto Workers; Karen Florini, Senior Attorney, Environmental Defense Fund; Robert Litan, Director of Economic Studies and Cabot Family Chairholder of Economics, Brookings Institution; and Robert Hahn, Resident Scholar, American Enterprise Institute.

#### THE MANDATES INFORMATION ACT

On June 3, 1998, the Committee held a hearing on S. 389, the Mandates Information Act. This bill would amend the Congressional Budget Act of 1974 to require the Director of the Congressional Budget Office (CBO), in preparing estimates of the direct costs of all Federal private sector mandates, to estimate also the indirect impact of such mandates on consumers, workers, and small businesses, including any disproportionate impact in particular regions or industries. It also would subject to a point of order any legislation for which the CBO Director is unable to determine the economic impact of a Federal mandate.

Witnesses at the hearing were Senator Spencer Abraham (R-MI), the sponsor of S. 389; Representative Rob Portman (R-OH), the House sponsor of H.R. 3534, the House companion bill; James L. Blum, Deputy Director, Congressional Budget Office; R. Bruce Josten, Executive Vice President of Government Affairs, U.S. Chamber of Commerce; Mary Ann Cricchio, owner of Da Mimmo Italian Restaurant in Baltimore, Maryland on behalf of the National Restaurant Association; and, Sharon Buccino, Legislative Counsel, Natural Resources Defense Council. The bill was reported by the Committee to the Senate for consideration, placed on the Senate calendar, but never acted upon.

## V. REPORTS AND GAO REPORTS

During the 105th Congress, the Committee and its Subcommittees prepared and issued 20 reports, special prints and studies on these topics:

- (1) Biennial Budgeting and Appropriations (S. Rept. 105-72);
- (2) Corporate Subsidy Reform Commission Act of 1997 (S. Rept. 105-107);
- (3) Census of Agriculture Act of 1997 (S. Rept. 105-141);
- (4) The National Drought Policy Act of 1997 (S. Rept. 105-144);
- (5) Lobbying Disclosure Technical Amendments Act of 1997 (S. Rept. 105-147);
- (6) Federal Reports Elimination Act of 1997 (S. Rept. 105-187);
- (7) Regulatory Improvement Act of 1998 (S. Rept. 105-188);
- (8) Federal Financial Assistance Management Improvement Act of 1998 (S. Rept. 105-194);
- (9) Extension of a Quarterly Financial Report Program Administered by the Secretary of Commerce (S. Rept. 105-241);
- (10) Vacancies Act (S. Rept. 105-250);
- (11) To Improve Administration of Sanctions Against Unfit Health Care Providers under the Federal Employees Health Benefits Program (S. Rept. 105-257);
- (12) To provide for a system to classify information in the interests of national security and a system to declassify such information (S. Rept. 105-258);
- (13) To provide a process for identifying the functions of the Federal Government that are not inherently governmental functions, and for other purposes (S. Rept. 105-269);
- (14) To Establish a Commission to Assist in Commemoration of the Centennial of Powered Flight and the Achievements of the Wright Brothers (S. Rept. 105-294);
- (15) To Require Federal Employees to use Federal Charge Cards (S. Rept. 105-295);
- (16) To Correct a Provision Relating to Termination of Benefits for Convicted Persons (S. Rept. 105-296);
- (17) To Improve Congressional Deliberation on Proposed Federal Private Sector Mandates (S. Rept. 105-299);
- (18) To Amend the Federal Advisory Committee Act (S. Rept. 105-309);
- (19) To require that the Office of Personnel Management Submit Proposed Legislation under which Group Universal Life Insurance and Group Variable Universal Life Insurance would be Available under Chapter 87 of title 5 (S. Rept. 105-337);
- (20) To Establish a Federal Commission on Statistical Policy to Study the Reorganization of the Federal Statistical System (S. Rept. 105-367).

## GAO REPORTS

Also during the 105th Congress, 64 reports were issued by the General Accounting Office at the request of the Committee:

- (1) Nuclear Waste: DOE's Estimates of Potential Savings From Privatizing Cleanup Projects, RCED-97-49R (January 31, 1997);
- (2) Land Management Agencies: Information on Selected Administrative Policies and Practices, RCED-97-40 (February 11, 1997);

(3) High-Risk Areas: Actions Needed to Solve Pressing Management Problems, T-AIMD—GGD—97—60 (March 5, 1997);

(4) Department of Energy: Management and Oversight of Clean-up Activities at Fernald, RCED—97—63 (March 14, 1997);

(5) IRS Systems Security: Tax Processing Operations and Data Still at Risk Due to Serious Weaknesses, AIMD—97—49 (April 8, 1997);

(6) IRS Systems Security: Tax Processing Operations and Data Still at Risk Due to Serious Weaknesses, T-AIMD—97—76 (April 10, 1997);

(7) Budget Process: Comments on S. 261—Biennial Budgeting and Appropriations Act, T-AIMD—97—84 (April 23, 1997);

(8) DOD High-Risk Areas: Eliminating Underlying Causes Will Avoid Billions of Dollars in Waste, T-NSIAD—AIMD—97—143 (May 1, 1997);

(9) Financial Management: The Prompt Payment Act and DOD Problem Disbursements, AIMD—97—71 (May 23, 1997);

(10) Managing for Results: The Statutory Framework for Improving Federal Management and Effectiveness, T-GGD—AIMD—97—144 (June 24, 1997);

(11) Relocation Travel: Numbers and Costs Reported by Federal Organizations for Fiscal Years 1991 Through 1995, GGD—97—119 (June 30, 1997);

(12) 2000 Census: Progress Made on Design, but Risks Remain, GGD—97—142 (July 14, 1997);

(13) Combating Terrorism: Status of DOD Efforts to Protect Its Force Overseas, NSIAD—97—207 (July 21, 1997);

(14) Defense Computers: DFAS Faces Challenges in Solving the Year 2000 Problem, AIMD—97—117 (August 11, 1997);

(15) Defense Computers: Issues Confronting DLA in Addressing Year 2000 Problems, AIMD—97—106 (August 12, 1997);

(16) Defense Computers: Improvements to DOD Systems Inventory Needed for Year 2000 Effort, AIMD—97—112 (August 13, 1997);

(17) Defense Computers: SSG Needs to Sustain Year 2000 Progress, AIMD—97—120R (August 19, 1997);

(18) Tax Administration: Assessment of IRS' Report on Its Fiscal Year 1995 Compliance Initiatives, GGD—97—158 (August 27, 1997);

(19) Regulatory Reform: Comments on S. 981—The Regulatory Improvement Act of 1997, T-GGD—RCED—97—250 (September 12, 1997);

(20) Inventory Management: Vulnerability of Sensitive Defense Material to Theft, NSIAD—97—175 (September 18, 1997);

(21) Combating Terrorism: Federal Agencies' Efforts to Implement National Policy and Strategy, NSIAD—97—254 (September 26, 1997);

(22) Defense Computers: LSSC Needs to Confront Significant Year 2000 Issues, AIMD—97—149 (September 26, 1997);

(23) Regulatory Reform: Agencies' Efforts to Eliminate and Revise Rules Yield Mixed Results, GGD—98—3 (October 2, 1997);

(24) Federal Ships: Policy Changes in the Disposal of Surplus Ships, NSIAD—98—17R (October 17, 1997);

(25) Financial Management: Outsourcing of Finance and Accounting Functions, AIMD—NSIAD—98—43 (October 17, 1997);

(26) Defense IRM: Poor Implementation of Management Controls Has Put Migration Strategy at Risk, AIMD-98-5 (October 20, 1997);

(27) Defense Computers: Technical Support Is Key to Naval Supply Year 2000 Success, AIMD-98-7R (October 21, 1997);

(28) Executive Guide: Information Security Management: Learning From Leading Organizations (Exposure Draft), AIMD-98-21 (November 1, 1997);

(29) Federal Advisory Committee Act: Overview of Advisory Committees Since 1993, T-GGD-98-24 (November 5, 1997);

(30) Combating Terrorism: Spending on Governmentwide Programs Requires Better Management and Coordination, NSIAD-98-39 (December 1, 1997);

(31) Financial Management: Profile of Financial Personnel in Large Private Sector Corporations and State Governments, AIMD-98-34 (January 2, 1998);

(32) Regulatory Reform: Changes Made to Agencies' Rules Are Not Always Clearly Documented, GGD-98-31 (January 8, 1998);

(33) Defense Computers: Air Force Needs to Strengthen Year 2000 Oversight, AIMD-98-35 (January 16, 1998);

(34) Unfunded Mandates: Reform Act Has Had Little Effect on Agencies' Rulemaking Actions, GGD-98-30 (February 4, 1998);

(35) Regulatory Reform: Comments on S. 981—The Regulatory Improvement Act of 1998, T-GGD-RCED-98-95 (February 24, 1998);

(36) IRS Personnel Flexibilities: An Opportunity to Test New Approaches, T-GGD-98-78 (March 12, 1998);

(37) Nuclear Waste: Understanding of Waste Migration at Hanford is Inadequate for Key Decisions, RCED-98-80 (March 13, 1998);

(38) 2000 Census: Preparations for Dress Rehearsal Leave Many Unanswered Questions, GGD-98-74 (March 26, 1998);

(39) Social Security Financing: Implications of Stock Investing for the Trust Fund, the Federal Budget, and the Economy, T-AIMD-HEHS-98-152 (April 22, 1998);

(40) Defense Computers: Year 2000 Computer Problems Threaten DOD Operations, AIMD-98-72 (April 30, 1998);

(41) Year 2000 Computing Crisis: Potential for Widespread Disruption Calls for Strong Leadership and Partnerships, AIMD-98-85 (April 30, 1998);

(42) Decennial Census: Overview of Historical Census Issues, GGD-98-103 (May 1, 1998);

(43) Executive Guide: Information Security Management—Learning From Leading Organizations, AIMD-98-68 (May 1, 1998);

(44) Air Traffic Control: Weak Computer Security Practices Jeopardize Flight Safety, AIMD-98-155 (May 18, 1998);

(45) Computer Security: Pervasive, Serious Weaknesses Jeopardize State Department Operations, AIMD-98-145 (May 18, 1998);

(46) Information Security: Serious Weaknesses Put State Department and FAA Operations at Risk, T-AIMD-98-170 (May 19, 1998);

(47) Regulatory Reform: Agencies Could Improve Development, Documentation, and Clarity of Regulatory Economic Analyses, RCED-98-142 (May 26, 1998);

(48) Defense Computers: Army Needs to Greatly Strengthen Its Year 2000 Program, AIMD-98-53 (May 29, 1998);

(49) Federal Advisory Committee Act: General Services Administration's Oversight of Advisory Committees, GGD-98-124 (June 15, 1998);

(50) Grant Programs: Design Features Shape Flexibility, Accountability, and Performance Information, GGD-98-137 (June 22, 1998);

(51) Defense Computers: Year 2000 Computer Problems Put Navy Operations at Risk, AIMD-98-150 (June 30, 1998);

(52) Federal Advisory Committee Act: Views of Committee Members and Agencies on Federal Advisory Committee Issues, GGD-98-147 (July 9, 1998);

(53) Results Act: Observations on the Office of Personnel Management's Annual Performance Plan, GGD-98-130 (July 28, 1998);

(54) Decennial Census: Preliminary Observations on the Results to Date of the Dress Rehearsal and the Census Bureau's Readiness for 2000, T-GGD-98-178 (July 30, 1998);

(55) Defense Networks: Management Information Shortfalls Hinder Defense Efforts to Meet DISN Goals, AIMD-98-202 (July 30, 1998);

(56) Federal Rulemaking: Agencies Often Published Final Actions Without Proposed Rules, GGD-98-126 (August 31, 1998);

(57) The Results Act: Assessment of the Governmentwide Performance Plan for Fiscal Year 1999, AIMD-GGD-98-159 (September 8, 1998);

(58) Information Security: Strengthened Management Needed to Protect Critical Federal Operations and Assets, T-AIMD-98-312 (September 23, 1998);

(59) Chemical Weapons: DOD Does Not Have a Strategy to Address Low-Level Exposures, NSIAD-98-228 (September 23, 1998);

(60) Information Security: Serious Weaknesses Place Critical Federal Operations and Assets at Risk, AIMD-98-92 (September 23, 1998);

(61) Acquisition Reform: Multiple-award Contracting at Six Federal Organizations, NSIAD-98-215 (September 30, 1998);

(62) Federal Surplus Ships: Government Efforts to Address the Growing Backlog of Ships Awaiting Disposal, NSIAD-99-18 (October 22, 1998);

(63) Decennial Census: Additional Information for Hearing Record on the Initial Results of the Census Dress Rehearsal, GGD-99-5R (November 20, 1998);

(64) IRS Systems Security: Although Significant Improvements Made, Tax Processing Operations and Data Still at Serious Risk, AIMD-99-38 (December 14, 1998).

## VI. OFFICIAL COMMUNICATIONS

During the 105th Congress, a total of 2,295 official communications were submitted to the Committee. Of these, 1,127 were from the Comptroller General of the United States and 1,168 were from the President of the United States and other executive departments. The communications included reports to advise and inform the Congress, required annual or semi-annual agency budget and activity summaries, and requests for legislative action. The Committee also received 26 petitions and memorials.

## VII. LEGISLATIVE ACTION

The Committee was highly productive in the 105th Congress. Important legislation was reported by the Committee, approved by Congress and signed by the President in a variety of areas within the Committee's jurisdiction. The following are brief legislative histories of measures referred to the Committee or within the jurisdiction of the Committee, and in some cases, drafted by the Committee, which (1) became public law; (2) were favorably reported from the Committee and passed by the Senate; and (3) were favorably reported from the Committee but were not subject to further action. For information not included in this section please refer to the Committee's Legislative Calendar.

## MEASURES ENACTED INTO LAW

*S. 314—Federal Activities Inventory Reform (FAIR) Act (Public Law 105-270)*

This law requires Federal agencies to prepare a list of activities that are not inherently governmental functions that are being performed by Federal employees, submit that list to OMB for review, and make the list publicly available. It also establishes an "appeals" process within each agency to challenge what is on the list or what is not included on the list. S. 314 creates a statutory definition—identical to current regulation—for what is an "inherently governmental function" that must be performed by the government and not the private sector.

S. 314 was originally introduced by Senator Craig Thomas in February 1997 as the Freedom from Government Competition Act. It attempted to put into statute a policy embodied in OMB Circular A-76 that the Federal Government will rely on the private sector for goods and services that are not inherently governmental. The bill was referred to the Subcommittee on the Oversight of Government Management, Restructuring and the District of Columbia on March 5, 1997. The Subcommittee held hearings on June 18, 1997 and March 24, 1998. In order to favorably report the legislation, significant revisions were necessary. Chairman Thompson worked with the bill's sponsors, other Members of the Committee, industry, Federal employee unions, and the Administration to craft a compromise which represented a consensus of all interested participants.

The Chairman's substitute amendment emanated from current administrative policy. OMB Circular A-76 establishes the policy regarding government employees' performance of activities that are not inherently governmental functions and sets forth procedures for determining whether such activities should be performed under contract with private companies or using government facilities and personnel. The policy embodied in OMB Circular A-76, that the Federal Government will rely on the private sector for goods and services that are not inherently governmental, is more than 40-years old. However, there continue to be activities which are not inherently governmental that the government performs for itself. Therefore, the Chairman's substitute was intended to establish a process to evaluate those activities that continue to be performed by government employees. On July 15, 1998, the Committee ordered the bill to be favorably reported with Chairman Thompson's



amendment in the nature of a substitute. The Committee filed a report on July 28, 1998 (S. Rept. 105–269). The Chairman’s substitute amendment was passed by the Senate by unanimous consent on July 30, 1998. On October 5, 1998, the House passed S. 314 by voice vote under suspension of the rules. The President signed the bill on October 8, 1998.

*S. 1364—Federal Reports Elimination Act of 1998 (Public Law 105–362)*

S. 1364 eliminates or modifies congressionally mandated Federal agency reports that are redundant, obsolete, or otherwise unnecessary on the recommendation of the Administration.

The bill was introduced on November 4, 1997 by Senators McCain and Levin. In 1995, Congress enacted the Federal Reports Elimination and Sunset Act of 1995 (P.L. 104–66), also sponsored by Senators McCain and Levin. That act contained three major provisions: One provision eliminated or modified approximately 200 reporting requirements imposed on Federal agencies in law by Congress; the second required the President to identify in the next available budget message additional congressionally mandated reporting requirements that could and should be eliminated; and the third provision terminates all annual or routine congressionally mandated reporting requirements 4 years after enactment of the 1995 Act, or December 21, 1999. As a result of this legislation, the President, in the FY 1997 Budget, provided Congress with a list of 400 reports recommended for elimination or modification. That list of reports was used as the basis for S. 1364.

S. 1364 eliminates or modifies approximately 187 congressionally mandated reports. The reports contained in the bill were distilled from the list of 400 recommended reports included on the Administration’s list pursuant to the requirements of the 1995 Act. The Committee circulated the Administration’s list to the chairmen and ranking minority members of the relevant authorizing committees for comment. As a result of the responses, which were incorporated into the bill for introduction, the list of 400 reports was ultimately reduced to 187 reports. The Committee also worked closely with the Office of Information and Regulatory Affairs of the Office of Management and Budget to clarify citations and any discrepancies between the bill and the recommendations of the Administration.

On March 10, 1998, the Committee ordered the bill favorably reported with amendments. A written report was filed on May 11, 1998 (S. Rept. 105–187). The bill passed the Senate with amendments by unanimous consent on June 10, 1998, and passed the House with amendment under suspension of the rules on October 13, 1998. On October 21, 1998, the Senate concurred in the House amendment with an amendment by unanimous consent, and the House agreed to the Senate amendment. The President signed the bill on November 10, 1998.

*S. 1397—Centennial of Flight Commemoration Act (Public Law 105–389)*

This bill establishes a commission to assist in the commemoration of the centennial of powered flight and the achievement of the Wright brothers.

S. 1397 was introduced in the Senate by Senator Helms on November 7, 1997, for himself and Senators Glenn, Dewine, and Faircloth. Rep. Hall introduced a similar bill, H.R. 2305, in the House of Representatives on July 30, 1997, and it was referred to the House Government Reform and Oversight Subcommittee on Civil Service. The provisions of H.R. 2305 also were offered as an amendment to H.R. 4057, the Airport Improvement Program Reauthorization Act of 1998, which was ordered to be reported to the House from the House Committee on Transportation and Infrastructure on July 20, 1998. The Senate passed its own version of H.R. 4057, but the conferees never reached agreement.

The Committee considered S. 1397 on July 15, 1998. The Committee unanimously adopted, by voice vote, Senator Glenn's amendment in the nature of a substitute. The Committee voted by voice vote to order the bill reported as amended. Chairman Thompson and Senators Domenici and Nickles stated that they opposed the motion to report S. 1397. Nonetheless, the Committee filed its report on August 25, 1998 (S. Rept. 105-294). On September 22, 1998, the Committee substitute was amended on the Senate floor and passed, as amended, by the Senate by unanimous consent. The House passed the bill by voice vote under suspension of the rules on October 14, 1998, and the bill was signed by the President on November 13, 1998.

*S. 2161—Regulatory Right-to-Know (Public Law 105-277)*

This bill provides government-wide accounting of regulatory costs and benefits by requiring the President to submit to Congress an accounting statement that estimates the costs and corresponding benefits of Federal regulatory programs and program elements.

On June 11, 1998, Chairman Thompson introduced S. 2161, the Regulatory Right-to-Know Act of 1998, with Senator Breaux. On July 29, 1998, Chairman Thompson offered on the Senate floor many of the provisions of S. 2161 as an amendment to S. 2312, the Treasury and General Government Appropriations bill for Fiscal Year 1999. On October 19, 1998, the Thompson regulatory accounting amendment was adopted in modified form as part of H.R. 4328, the Omnibus Consolidated and Emergency Supplemental Appropriations Act for Fiscal Year 1999, which was signed into law on October 21, 1998.

*S. 2176—Federal Vacancies Reform Act of 1998 (Public Law 105-277)*

The purpose of this legislation is to restore the Senate's advice and consent prerogative, to make the Vacancies Act uniform in its application, and to provide for its effective enforcement. The legislation comprehensively addresses the eligibility and length of service of acting officials to serve in Executive Branch positions for a period of time without their appointments having received the advice and consent of the Senate and provides an enforcement mechanism to ensure compliance with acting officer qualifications and time limits.

On June 16, 1998, S. 2176, the Federal Vacancies Reform Act of 1998, was introduced in the Senate by Chairman Thompson and Senators Byrd, Thurmond, Lott, Roth, Cochran, and Hatch. On June 17, 1998, the Committee ordered the bill favorably reported

with amendments, by a vote of 9–1. The Committee filed a report on July 15, 1998 (S. Rept. 105–250). With further modifications, the legislation was included as part of H.R. 4328, the Omnibus Consolidated and Emergency Supplemental Appropriations Act for Fiscal Year 1999 (Public Law 105–277), which was signed into law on October 21, 1998.

*International Postal Issues (Public Law 105–277)*

With the support of Chairman Thompson and International Security, Proliferation, and Federal Services Subcommittee Chairman Cochran, provisions affecting international postal services were included in the Omnibus Consolidated and Emergency Supplemental Appropriations Act for Fiscal Year 1999 (Public Law 105–277).

The first provision transfers representational authority for U.S. interests before international postal forums, such as the Universal Postal Union, from the U.S. Postal Service to the U.S. State Department. International postal services are not covered by the current U.S. mail monopoly and many private sector carriers compete with the Postal Service in providing international mail and parcel services. Private sector carriers had charged that the representation at international forums, such as the Universal Postal Union, should be accorded a neutral U.S. governmental entity, such as the State Department, to ensure that private carrier interests, as well as those of the U.S. Postal Service, were represented.

The second provision also addresses international postal services. In order to prevent monopoly revenues from cross-subsidizing competitive international postal services, the legislation grants independent postal rate commissions the authority to review the costs, revenues and volume for each international mail product or service provided by the Postal Service in order to ensure that monopoly revenues are not cross-subsidizing international mail services.

*Federal Procurement Issues*

*Small Business Reauthorization Act of 1997 (Public Law 105–135)*

With the support of Chairman Thompson and Senator Glenn and Senators Thurmond and Levin of the Committee on Armed Services, language was enacted as part of the Small Business Reauthorization Act of 1997 to foster the participation of small businesses in Federal contracting by facilitating competition by and among small businesses and prohibiting the unnecessary and unjustified bundling of Federal contracts which could preclude small business participation as contractors.

*National Defense Authorization Act for Fiscal Years 1998 and 1999 (Public Law 105–85) and National Defense Authorization Act for Fiscal Year 1999 (Public Law 105–261)*

As part of both these laws, language offered by Chairman Thompson and Senator Glenn was enacted to further streamline and simplify the government-wide procurement system, including provisions relating to permitting electronic purchasing, limiting executive compensation, and clarifying spare parts pricing.

*Government Paperwork Elimination Act (Public Law 105-277)*

The Committee worked with the Committee on Commerce, Science and Transportation to develop consensus language affecting government information policy which was enacted as part of the Omnibus Consolidated and Emergency Supplemental Appropriations Act for Fiscal Year 1999 (Public Law 105-277). The Government Paperwork Elimination Act takes advantage of the advances in modern technology to lessen the paperwork burdens on those who deal with the Federal Government. This is accomplished by requiring OMB, through its existing responsibilities under current law, to develop policies to promote the use of alternative information technologies so that individuals who deal with the Federal Government can reduce their cumulative burden of meeting the Federal Government's information demands.

*Year 2000 Information and Readiness Disclosure Act (Public Law 105-271)*

This law encourages the disclosure and exchange of information about computer processing problems, solutions, and tests in connection with the transition to the year 2000 and provides for the establishment of working groups as a part of the President's Year 2000 Council. Chairman Thompson developed language which was enacted as part of this law to mitigate against false and inaccurate year 2000 solicitations while promoting the open sharing of information.

*H.R. 930—Travel and Transportation Reform Act (Public Law 105-264)*

This law requires Federal employees to use Federal travel charge cards for payments of expenses of official government travel, establishes requirements for prepayment audits of Federal agency transportation expenses, authorizes reimbursement of Federal agency employees for taxes incurred on travel transportation reimbursements, and authorizes test programs for the payment of Federal employee travel expenses and relocation expenses.

H.R. 930 was introduced in the House of Representatives by Rep. Horn on March 5, 1997. It passed the House of Representatives on April 16, 1997, by voice vote and was received by the Senate and referred to the Committee. The Committee considered H.R. 930 on June 17, 1998, and ordered it favorably reported, with amendments offered by Chairman Thompson, by voice vote. The Committee filed its report on August 25, 1998 (S. Rept. 105-295). On September 1, 1998, the Senate passed H.R. 930 with amendments by unanimous consent. The House agreed to the Senate amendments on October 5, 1998, and it was signed by the President on October 18, 1998.

*H.R. 1316—To amend chapter 87 of Title 5, United States Code, with respect to the order of precedence to be applied in the payment of life insurance benefits (Public Law 105-205)*

H.R. 1316 amends chapter 87 of title 5, United States Code, and directs the Office of Personnel Management to obey certain domestic relations orders when paying the proceeds of life insurance policies under the Federal Employees Group Life Insurance program. It also permits courts to direct the assignment of such policies to individuals specified in domestic relations orders.

H.R. 1316 was introduced in the House by Rep. Collins on April 14, 1997. The House Committee on Government Reform and Oversight approved the legislation, as amended, on June 11, 1997. It was passed by the House on June 24, 1997, on the Corrections Calendar. The legislation was received in the Senate on June 25, 1997 and referred to the Committee on Governmental Affairs. On July 8, 1997, the legislation was referred to the Subcommittee on International Security, Proliferation, and Federal Services. No hearings were held. On November 5, 1997, the legislation was approved by the Committee without amendment. On June 18, 1998, the legislation passed the Senate under unanimous consent. On July 22, 1998, the President signed the bill into law.

*H.R. 1836—The Federal Employees Health Care Protection Act of 1998 (Public Law 105-266)*

This legislation amends chapter 89 of title 5, United States Code, to improve the administration of the Federal Employees Health Benefits Program. Specifically, the bill allows the government to impose sanctions on health care providers or bars them from selling coverage to any government agency; encourages full disclosure in discounted rate agreements; and establishes standards for re-admitting discontinued plans and for crediting of associated contingency reserves.

H.R. 1836 was introduced by Rep. Burton on June 10, 1997. The House Committee on Government Reform and Oversight approved the legislation on October 31, 1997, and the House passed H.R. 1836 by voice vote, under suspension of the rules, on November 4, 1997.

The legislation was received in the Senate and referred to the Committee on November 5, 1997. On November 11, the bill was referred to the Subcommittee on International Security, Proliferation, and Federal Services. On March 31, 1998, a majority (eight members) of the Subcommittee approved reporting favorably H.R. 1836 to the full Committee. No hearings were held. On April 1, 1998, the Committee favorably considered the legislation and ordered it to be reported with an amendment. The report (S. Rept. 105-257) was filed in the Senate by Chairman Thompson with amendments on July 21, 1998. H.R. 1836, as amended, passed the Senate by unanimous consent on September 30, 1998. On October 5, the House suspended the rules and agreed to the Senate amendment by voice vote. The bill was signed into law by the President on October 19, 1998.

*H.R. 2015—Balanced Budget Act of 1997: Budget Reconciliation (Public Law 105-33)*

On June 17, 1997, the Committee approved a Fiscal Year 1998 budget reconciliation measure covering spending and saving proposals. The FY 1998 Budget Resolution instructed the Committee to develop recommendations for deficit reduction in the amount of \$5.5 billion. These proposals reflected assumptions included in the FY 1998 congressional budget resolution and included deficit reduction provisions pertaining to the Federal civil service retirement and health insurance programs.

Included in this deficit reduction package were provisions to: (a) increase postal and nonpostal employee contributions to the Fed-

eral retirement systems by 0.5 percent of pay, to be phased in beginning in 1999 through Fiscal Year 2002; (b) increase nonpostal agency payments to the Federal retirement trust fund on behalf of workers in the Civil Service Retirement System; (c) establish a new formula governing health insurance premiums for Federal employees and annuitants under the Federal Employees' Health Benefits Program. (The new formula is based on the average total premium cost of all insurance plans in FEHPB, weighted by the number of participants in each plan, and is expected to reduce the government's share of FEHBP costs by approximately \$28 million over 5 years. This revision shielded participants from an expected increase in premiums due to the expiration of the previous formula); and (d) shift workers' compensation costs of the former Post Office Department from the Federal Government to the Postal Service. The provisions approved by the Committee were similar to provisions included in a House bill concerning the FY 1998 Budget Reconciliation.

Not included in this agreement was the proposal to continue the 3-month cost-of-living adjustments (COLA) delay for Federal retirees, as proposed in President Clinton's FY 1998 budget.

These measures were included in the conference report to H.R. 2015 (H. Rept. 105-217) for the Balanced Budget Act of 1997 which was signed into law by the President on August 5, 1997.

*H.R. 2675—The Federal Employees Life Insurance Improvement Act (Public Law 105-311)*

H.R. 2675 is designed to improve the structure and administration of the Federal Employees Group Life Insurance Program—the life insurance program the Federal Government provides for its civilian employees and retirees under chapter 87 of title 5, United States Code. Rep. Mica introduced H.R. 2675 in the House on October 21, 1997. The bill was referred to the Committee on Government Reform and Oversight, which ordered the bill reported on October 31, 1997. H.R. 2675 was approved by the full House under suspension of the rules by voice vote on November 4, 1997.

H.R. 2675 was received in the Senate and referred to the Committee on Governmental Affairs on November 5, 1997. On June 17, 1998, the Committee ordered the bill reported favorably with an amendment in the nature of a substitute (S. Rept. 105-337). No hearings were held. On September 21, 1998, Chairman Thompson reported the bill to the Senate with an amendment in the nature of a substitute. The bill, as amended, was passed by the Senate by unanimous consent. The House suspended the rules and agreed to the Senate amendments by voice vote on October 8, 1998. The legislation was signed by the President on October 30, 1998.

*H.R. 3096—A bill to correct a provision relating to termination of benefits for convicted persons (Public Law 105-247)*

H.R. 3096 makes a technical correction in the Federal Employees' Compensation Act, the workers' compensation statute covering Federal employees. The bill ensures that persons convicted of fraud in the application or receipt of workers' compensation benefits lose their entitlement to receive such benefits.

The legislation was introduced by Rep. Greenwood on January 27, 1998. On March 11, 1998, the Committee on Education and the

Workforce approved H.R. 3096 by voice vote and ordered the bill favorably reported. On March 24, 1998, the bill was passed by the House by a roll call vote of 408–0.

On March 25, 1998 the bill was received in the Senate and referred to the Committee on Governmental Affairs. On April 20, 1998, the bill was referred to the Subcommittee on International Security, Proliferation, and Federal Services. On March 8, 1998, a majority (nine members) of the Subcommittee Members approved reporting favorably H.R. 3096 to the full Committee. No hearings were held. On June 17, 1998, the Committee ordered to be reported H.R. 3096 without amendment, and Chairman Thompson favorably reported the bill to the Senate on August 25, 1998 (S. Rept. 105–296). H.R. 3096 passed the Senate by unanimous consent on September 28, 1998, and was signed into law by the President on October 9, 1998.

#### *Postal Naming Bills*

S. 916, a bill designating a U.S. Post Office building in Taylorsville, Mississippi as the “Blaine H. Eaton Post Office Building” (Public Law 105–161).

S. 985, a bill designating a U.S. Post Office in Paterson, New Jersey as the “Larry Doby Post Office” (Public Law 105–162).

H.R. 282, a bill designating a U.S. Post Office building in New York, New York, as the “Oscar Garcia Rivera Post Office Building” (Public Law 105–87).

H.R. 499, a bill designating the facility of the U.S. Post Office in San Antonio, Texas as the “Frank M. Tejeda Post Office Building” (Public Law 105–4).

H.R. 681, a bill designating a U.S. Post Office building in Glendale, California as the “Carlos J. Moorhead Post Office Building” (Public Law 105–88).

H.R. 1057, a bill designating a U.S. Post Office building in Indianapolis, Indiana as the “Andrew Jacobs, Jr. Post Office Building” (Public Law 105–90).

H.R. 1058, a bill designating the facility of the U.S. Postal Service in Terre Haute, Indiana as the “John T. Myers Post Office Building” (Public Law 105–91).

H.R. 1254, (see also S. 595) a bill designating a U.S. Post Office building in Springfield, Missouri as the “John N. Griesemer Post Office Building” (Public Law 105–131).

H.R. 2013, a bill designating the facility of the U.S. Postal Service in South Kingstown, Rhode Island, as the “David B. Champagne Post Office Building.”

H.R. 2129, a bill designating a U.S. Post Office in Steubenville, Ohio as the “Douglas Applegate Post Office” (Public Law 105–97).

H.R. 2564, a bill designating a U.S. Post Office in Pottsville, Pennsylvania as the “Peter J. McCloskey Postal Facility” (Public Law 105–99).

*The following postal naming bills were enacted as part of the Omnibus Consolidated and Emergency Supplemental Appropriations Act for Fiscal Year 1999 (Public Law 105–277):*

S. 2310, a bill designating a U.S. Post Office in East Northport, New York as the “Jerome Anthony Ambro, Jr. Post Office Building.”

S. 2370, a bill designating the facility of the U.S. Postal Service in Thomasville, Georgia as the "Lieutenant Henry O. Flipper Station."

S. 2404, a bill establishing designations for five U.S. Postal Service buildings in Coconut Grove, Opa Locka, Carol City, and Miami, Florida.

H.R. 2623, a bill designating a U.S. Post Office in Kiln, Mississippi as the "Ray J. Favre Post Office Building."

H.R. 2766, a bill designating the facility of the U.S. Post Office in Painesville, Ohio as the "Karl Bernal Post Office Building."

H.R. 2773, a bill designating the facility of the U.S. Postal Service in Chicago, Illinois as the "Daniel J. Doffyn Post Office Building."

H.R. 2798, a bill redesignating the building of the U.S. Postal Service in Chicago, Illinois as the "Nancy B. Jefferson Post Office Building."

H.R. 2799, a bill redesignating the building of the U.S. Postal Service in Chicago, Illinois as the "Reverend Milton R. Brunson Post Office Building."

H.R. 2836, (see also S. 1640) a bill designating the building of the U.S. Postal Service in St. Paul, Minnesota as the "Eugene J. McCarthy Post Office Building."

H.R. 3120, a bill designating the U.S. Post Office in Provo, Utah as the "Howard C. Nielson Post Office Building."

H.R. 3630, a bill redesignating the facility of the U.S. Postal Service in Albuquerque, New Mexico as the "Steven Schiff Post Office."

H.R. 3808, a bill designating a U.S. Post Office in Plymouth, Michigan as the "Carl D. Pursell Post Office."

H.R. 3810, a bill designating a U.S. Post Office in Garwood, New Jersey as the "James T. Leonard, Sr. Post Office."

H.R. 3939, a bill designating a U.S. Postal Service building in Philadelphia, Pennsylvania as the "Edgar C. Campbell, Sr. Post Office Building."

H.R. 3999, a bill designating a U.S. Postal Service building in Philadelphia, Pennsylvania as the David P. Richardson, Jr., Post Office Building."

H.R. 4516, a bill designating a U.S. Postal building in Oxon Hill, Maryland as the "Jacob Joseph Chestnut Post Office Building."

MEASURE FAVORABLY REPORTED BY COMMITTEE AND PASSED BY  
THE SENATE

*S. 1642—Federal Financial Assistance Management Improvement Act of 1998*

This bill improves the effectiveness and performance of Federal financial assistance programs, simplifies Federal financial assistance application and reporting requirements, and improves the delivery of services to the public.

On February 12, 1998, S. 1642 was introduced by Senator Glenn along with Chairman Thompson and Senators Levin, Lieberman, and Akaka. While still in draft form, the legislation was endorsed by the National Governors' Association, the National Association of Counties, the National Conference of State Legislatures, the National League of Cities, and the Council of State Governments.



Governor George Voinovich (R-OH) and Governor Ben Nelson (D-NE), representing the National Governors' Association, testified in favor of the legislation during the Committee's hearing on regulatory reform on February 24, 1998. (S. Hrg. 105-486) The Committee ordered S. 1642 reported favorably without amendment on April 1, 1998. A written report was filed on May 22, 1998 (S. Rept. 105-194). On October 12, 1998, the bill passed the Senate with an amendment by unanimous consent.

#### SELECTED MEASURES CONSIDERED BY COMMITTEE

##### *S. 207—Corporate Subsidy Reform Commission Act of 1997*

The purpose of S. 207 is to review, reform, and terminate unnecessary and inequitable Federal subsidies. The bill creates a commission intended to fairly and independently review corporate subsidies and make recommendations to the President and the Congress for the retention, reform or termination of such subsidies.

On January 28, 1997, S. 207 was introduced in the Senate by Senator McCain for himself, Chairman Thompson, and Senators Kerry, Feingold, Kennedy, Coats, Glenn, Lieberman, and Brownback. On February 13, 1997, the Committee held a hearing on S. 207. (S. Hrg. 105-209) On May 22, 1997, the Committee reported the bill favorably with amendments. The bill was then reported favorably to the Senate by Chairman Thompson with amendments and an amendment to the title (S. Rept. 105-107).

##### *S. 261—Biennial Budgeting and Appropriations Act*

S. 261 provides for a biennial budget and appropriations process and to enhance oversight and the performance of the Federal Government.

S. 261 was introduced in the Senate on February 4, 1997, by Senator Domenici and 24 other Senators, including Chairman Thompson and Senators Ford, Snowe, Thomas, Roth, Moynihan, Nickles, McCain, and Collins. On April 23, 1997, the Committee held a hearing on the bill. (S. Hrg. 105-138) On May 22, 1997, the Committee ordered S. 261 to be reported favorably with an amendment in the nature of a substitute. On September 4, 1997, Chairman Thompson reported to the Senate S. 261 with an amendment in the nature of a substitute (S. Rept. 105-72).

##### *S. 389—Mandates Information Act of 1997*

S. 389 amends the Congressional Budget Act of 1974 to require the Director of the Congressional Budget Office (CBO), in preparing estimates of the direct costs of all Federal private sector mandates, to estimate also the indirect impact of such mandates on consumers, workers, and small businesses, including any disproportionate impact in particular regions or industries. It also subjects to a point of order any legislation for which the CBO Director is unable to determine the economic impact of a Federal mandate.

Senator Abraham introduced S. 389 on March 3, 1997. The Committee held hearings on June 3, 1998 (S. Hrg. 105-664) and, on July 15, 1998, ordered the bill to be reported favorably with amendments. On September 2, 1998, a written report, with minority views, was filed (S. Rept. 105-299).

*S. 712—Government Secrecy Act of 1997*

In addition to providing for the first time a statutory basis for the national security information classification and declassification system, S. 712 requires agencies to balance the national security interests of the United States with the public interest in disclosure of information prior to classifying or declassifying information.

Senator Moynihan and Senator Helms introduced S. 712 on May 7, 1997, the same day the Committee held a hearing on the recommendations of the Commission on Protecting and Reducing Government Secrecy, on which the legislation was based. (S. Hrg. 105–84) The Committee held a hearing on S. 712 on March 25, 1998 (S. Hrg. 105–525). On June 17, 1998, the Committee considered the legislation at a business meeting, approving by unanimous consent an amendment in the nature of a substitute and favorably reporting the bill, as amended, by unanimous consent. The Committee's report was filed on July 22, 1998 (S. Rept. 105–258). Thereafter, negotiations between the bill's sponsors, the Committee, and the Administration continued.

*S. 981—Regulatory Improvement Act of 1998*

The bill requires agencies to conduct a regulatory analysis before issuing a major rule. The regulatory analysis includes: (1) a cost-benefit analysis comparing the costs and benefits of regulatory alternatives; (2) a risk assessment, if the rule addressed an environmental, health or safety risk; and (3) an analysis of any substitution risks resulting from the rule. The regulatory analysis is subject to independent peer review. S. 981 also requires a study using comparative risk analysis to compare various environmental, health and safety risks and to inform agency planning. Finally, the bill establishes a statutory requirement for the Office of Information and Regulatory Affairs in OMB to systematically review agencies' regulatory proposals and to implement the legislation.

S. 981 was introduced on June 27, 1997 by Senator Levin for himself, Chairman Thompson and Senators Glenn, Abraham, Robb, Roth, Rockefeller, and Stevens. The Committee held hearings on the bill on September 12, 1997, (S. Hrg. 105–335) and February 24, 1998 (S. Hrg. 105–486). On March 10, 1998, the Committee ordered S. 981 reported favorably with an amendment in the nature of a substitute by a vote of 8–4. A written report, including Minority views, was filed by the Committee on May 11, 1998 (S. Rept. 105–188).

*S. 2228—Advisory Committee Termination and Streamlining Act of 1998*

S. 2228 enhances the efficient use of government resources supporting Federal advisory committees and promotes congressional oversight by requiring periodic congressional reauthorization of statutorily mandated advisory committees. In fiscal year 1997, there were 963 advisory committees assisting agencies of the Executive Branch. Of these, 422 were mandated by law. In fiscal year 1997, it cost the government over \$178 million to operate the 963 advisory committees.

The bill was introduced on June 25, 1998, by six Members of the Committee, Chairman Thompson, Senators Glenn, Cochran, Levin, Brownback, and Lieberman. On July 15, 1998, the legislation was

ordered reported favorably without amendment. On September 8, 1998, a written report was filed by the Committee (S. Rept. 105-309).

#### VIII. PRESIDENTIAL NOMINATIONS

During the 105th Congress, the Committee received a total of 45 Presidential nominations. The following 29 were favorably reported by the Committee and confirmed by the Senate:

David J. Barram, of California, to be Administrator of General Services. (Hearing held February 25, 1997)

Patricia Broderick, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia. (Hearing held September 3, 1998)

Mary Ann Gooden Terrell, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia. (Hearing held October 3, 1996)

James H. Atkins, of Arkansas, to be a Member of the Federal Retirement Thrift Investment Board.

Janice R. Lachance, of Virginia, to be Deputy Director of the Office of Personnel Management. (Hearing held July 28, 1997)

George A. Omas, of Mississippi, to be a Commissioner of the Postal Rate Commission. (Hearing held July 28, 1997)

Virginia Dale Cabaniss, of Virginia, to be a Member of the Federal Labor Relations Authority. (Hearing held November 4, 1997)

John MacLaughlin Campbell, of the District of Columbia, to be Associate Judge of the Superior Court of the District of Columbia. (Hearing held October 30, 1997)

Anita Marie Josey, of the District of Columbia, to be Associate Judge of the Superior Court of the District of Columbia. (Hearing held October 30, 1997)

Ernesta Ballard, of Alaska, to be a Governor of the U.S. Postal Service. (Hearing held November 4, 1997)

Susanne T. Marshall, of Virginia, to be a Member of the Merit Systems Protection Board. (Hearing held November 4, 1997)

Elaine D. Kaplan, of the District of Columbia, to be Special Counsel in the Office of Special Counsel. (Hearing held March 30, 1998)

Melvin Randolph Wright, of the District of Columbia, to be Associate Judge of the Superior Court of the District of Columbia. (Hearing held April 1, 1998)

Ruth Y. Goldway, of California, to be a Commissioner of the Postal Rate Commission. (Hearing held March 30, 1998)

Deidre A. Lee, of Oklahoma, to be Administrator of the Office of Federal Procurement Policy for the Office of Management and Budget. (Hearing held April 22, 1998)

Neal E. Kravitz, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia. (Hearing held September 3, 1998)

Natalia Combs Greene, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia. (Hearing held September 3, 1998)

Jacob J. Lew, of New York, to be Director of the Office of Management and Budget. (Hearing held June 22, 1998)

Kenneth Prewitt, of New York, to be Director, Bureau of the Census. (Hearing held September 17, 1998)

Sylvia Mathews, of West Virginia, to be Deputy Director of the Office of Management and Budget. (Hearing held October 6, 1998)

Robert M. (Mike) Walker, of Tennessee, to be Deputy Director of the Federal Emergency Management Agency. (Hearing held September 17, 1998)

Gregory H. Friedman, of Maryland, to be Inspector General of the Department of Energy. Hearing held by Energy and Natural Resources Committee September 18, 1998.

David C. Williams, of Maryland, to be Inspector General, Department of Treasury. (Hearing held July 30, 1998)

John U. Sepulveda, of New York, to be Deputy Director of the Office of Personnel Management. (Hearing held October 2, 1998)

Joseph Swerdzewski, of Colorado, to be General Counsel of the Federal Labor Relations Authority. (Hearing held October 2, 1998)

Eljay Bowron, of Michigan, to be Inspector General, Department of the Interior. Hearing held by Energy and Natural Resources Committee October 1, 1998.

Dana Bruce Covington, Sr., of Mississippi, to be a Commissioner of the Postal Rate Commission. (Hearing held October 7, 1998)

Edward Jay Gleiman, of Maryland, to be a Commissioner of the Postal Rate Commission. (Hearing held October 7, 1998)

David M. Walker, of Georgia, to be Comptroller General of the United States. (Hearing held October 7, 1998)

There were two nominations in which the Committee was discharged with the concurrence of the Committee and the nominations confirmed by the Senate. They are as follows:

Janice R. Lachance, of Virginia, to be Director of the Office of Personnel Management. (Hearing held July 28, 1997)

Nikki Tinsley, of Maryland, to be Inspector General for the Environmental Protection Agency. Hearing held by Environment and Public Works Committee July 15, 1998.

Eight nominations were not acted upon by the Committee because the Board for which they were nominated was slated for termination. The White House, subsequent to the adjournment of the

first session of Congress, decided to move forward nevertheless on the nominations and made recess appointments. They are as follows:

Leo K. Goto, of Colorado, to be a Member of the Board of Directors of the Civil Liberties Public Education Fund.

Don T. Nakanishi, of California, to be a Member of the Board of Directors of the Civil Liberties Public Education Fund.

Peggy A. Nagae, of Oregon, to be a Member of the Board of Directors of the Civil Liberties Public Education Fund.

Dale Minami, of California, to be a Member of the Board of Directors of the Civil Liberties Public Education Fund.

Yeiichi Kuwayama, of the District of Columbia, to be a Member of the Board of Directors of the Civil Liberties Public Education Fund.

Elsa H. Kudo, of Hawaii, to be a Member of the Board of Directors of the Civil Liberties Public Education Fund.

Robert F. Drinan, of Massachusetts, to be a Member of the Board of Directors of the Civil Liberties Public Education Fund.

Susan Hayase, of California, to be a Member of the Board of Directors of the Civil Liberties Public Education Fund.

Another nomination was not acted upon by the Senate and was recessed appointed, as follows:

James B. King, of Massachusetts, to be Director of the Office of Personnel Management (Mr. King was nominated for a second term as Director of OPM on March 6, 1997, two weeks before the Senate's spring recess. His original term of 4 years was to expire on April 2, 1997. Senator Cochran scheduled a hearing on this nomination for April 7, 1997, the Tuesday immediately following the recess. Despite the scheduling of this nomination hearing and the Committee's request to the White House that it follow the regular confirmation process, the President gave Mr. King a recess appointment on April 6, 1997. At the hearing the next day (April 7, 1997), Senator Cochran expressed Chairman Thompson's view that the Committee would take no further action on the nomination for the foreseeable future).

One nomination was favorably reported by the Committee, not confirmed by the Senate and recess appointed with the concurrence of the Committee. It is as follows:

G. Edward DeSeve, of Pennsylvania, to be Deputy Director for Management of the Office of Management and Budget. (Hearing held April 22, 1998).

Three nominations failed confirmation under paragraph 6 of rule XXXI of the Standing Rules of the Senate, as follows:

Denis J. Hauptly, of Minnesota, to be Chairman of the Special Panel on Appeals.

Emilio W. Cividanes, of the District of Columbia, to be an Associate Judge of the District of Columbia Court of Appeals.

John F. Walsh, of Connecticut, to be Governor of the U.S. Postal Service.

One nomination was withdrawn by the White House, as follows:

James Hudson Bailey, of Wisconsin, to be Deputy Director of the Federal Emergency Management Agency.

IX. ACTIVITIES OF THE SUBCOMMITTEES  
INTERNATIONAL SECURITY, PROLIFERATION, AND  
FEDERAL SERVICES SUBCOMMITTEE

CHAIRMAN: THAD COCHRAN

RANKING MINORITY MEMBER: CARL LEVIN

I. HEARINGS

The Subcommittee on International Security, Proliferation, and Federal Services held the following hearings during the 105th Congress:

*The Future of Nuclear Deterrence (February 12, 1997)*

The Subcommittee explored the future role of nuclear weapons in America's national security strategy.

*Witnesses:* Hon. Walter B. Slocumbe, Under Secretary of Defense for Policy, DOD; Gen. Andrew J. Goodpaster, USA (Ret.), Co-Chair, The Atlantic Council of the United States; and Hon. Richard Perle, Resident Fellow, American Enterprise Institute.

*National Missile Defense and Prospects for U.S.-Russian ABM Treaty Accommodation (March 13, 1997)*

The Subcommittee reviewed a new study by the National Institute for Public Policy regarding the potential for U.S.-Russian cooperation on missile defense and the ABM treaty.

*Witnesses:* Ambassador Max Kampelman, Vice-Chairman, United States Institute of Peace; Dr. Keith Payne, President, National Institute for Public Policy; and Dr. Andrei Kortunov, President, Moscow Public Science Foundation.

*Proliferation: Chinese Case Studies (April 10, 1997)*

The Subcommittee examined cases of Chinese weapons proliferation, including weapons of mass destruction components and technologies, missile delivery systems, advanced conventional munitions, and related technologies.

*Witnesses:* Robert Einhorn, Deputy Assistant Secretary for Nonproliferation, Bureau of Political-Military Affairs, Department of State; Ambassador James Lilley, Director, Institute for Global Chinese Affairs of the University of Maryland; and Gary Milhollin, Director, Wisconsin Project on Nuclear Arms Control.

*Proliferation: Chinese Case Studies, Part II (April 17, 1997)*

The Subcommittee held a closed hearing as a follow-up to its April 10, 1997 hearing on Chinese proliferation.

*Witness:* Dr. Gordon Oehler, Special Assistant to the Director of Central Intelligence for Nonproliferation, and Director, DCI's Nonproliferation Center.

*National Missile Defense and the ABM Treaty (May 1, 1997)*

The Subcommittee examined the relationship between the Administration's proposed "3+3" National Missile Defense plan and the ABM Treaty.

*Witness:* John D. Holum, Director, Arms Control and Disarmament Agency.

*Proliferation: Russian Case Studies (June 5, 1997)*

The Subcommittee explored cases of Russian weapons proliferation, focusing on Russia's exports of weapons of mass destruction components and technologies and missile delivery systems to various countries, including Iran, Iraq, and India.

*Witnesses:* Robert Einhorn, Deputy Assistant Secretary for Nonproliferation, Bureau of Political-Military Affairs, Department of State; Dr. William C. Potter, Director, Center for Nonproliferation Studies, Monterey Institute for International Studies; and Dr. Richard H. Speier, Independent Consultant.

*Proliferation and U.S. Export Controls (June 11, 1997)*

The Subcommittee examined the role of the United States in assisting such countries as Russia and China to develop weapons of mass destruction and their delivery systems through the transfer of dual-use items, focusing particularly on the administration's policy of loosening export control restrictions on supercomputers.

*Witnesses:* William Reinsch, Under Secretary for Export Administration, Department of Commerce; Dr. Mitchell Wallerstein, Deputy Assistant Secretary for Counterproliferation, Department of Defense; Dr. Stephen Bryen, President, Delta Tech; and Dr. William Schneider, Fellow, Hudson Institute.

*The Compliance Review Process and Missile Defense (July 21, 1997)*

The Subcommittee examined the process by which the United States determines whether its missile defense systems comply with the obligations of international treaties.

*Witness:* Dr. Kent Stansberry, Deputy Director, Arms Control Implementation and Compliance, Office of the Secretary of Defense (Acquisition and Technology).

*Missile Proliferation in the Information Age (September 22, 1997)*

The Subcommittee examined the widespread availability and increasing accessibility of information and materials that support the development of ballistic missile systems in foreign countries.

*Witnesses:* Dr. William R. Graham, former Science Advisor to President Reagan and former Deputy Administrator of NASA; and Dr. W. Seth Carus, Visiting Fellow, National Defense University.

*Written Testimony:* General Bernard A. Schriever, U.S. Air Force (retired), former Commander of Air Force Systems Command.

*North Korean Missile Proliferation (October 21, 1997)*

The Subcommittee examined the role of North Korea as an international supplier of ballistic missiles and related technologies.

*Witnesses:* Colonel Joo-hwal Choi, former official of the Ministry of the People's Army, North Korea; and Young-hwan Ko, former official of the Ministry of Foreign Affairs, North Korea. Information provided for the record by Robert Einhorn, Deputy Assistant Secretary for Nonproliferation, Bureau of Political-Military Affairs, Department of State.



*The Safety and Reliability of the U.S. Nuclear Deterrent (October 27, 1997)*

The Subcommittee examined how the administration plans to maintain the safety and reliability of the nuclear stockpile in the absence of nuclear testing.

*Witnesses:* Dr. James R. Schlesinger, former Secretary of Defense, former Secretary of Energy, and former Director of Central Intelligence; Dr. Vic Reis, Assistant Secretary of Energy for Defense Programs; and Dr. Robert B. Barker, Assistant to the Director, Lawrence Livermore National Laboratory.

*The Annual Report of the Postmaster General (November 3, 1997)*

The Subcommittee examined the Postal Service's financial status, proposed postage rate increases, levels of productivity and quality of customer service.

*Witness:* Hon. Marvin Runyon, Postmaster General and Chief Executive Officer of the U.S. Postal Service.

*Merit System Protection Act of 1997 (February 26, 1998)*

The Subcommittee examined S. 1495.

*Witnesses:* Lorraine Lewis, General Counsel, OPM; David M. Cohen, Director Commercial Litigation Branch, Civil Division, Department of Justice; Robert Tobias, National President, National Treasury Employees Union; and Mark Roth, General Counsel, American Federation of Government Employees, AFL-CIO.

*The Comprehensive Test Ban Treaty and Nuclear Nonproliferation (March 18, 1998)*

The Subcommittee explored the relationship between the Comprehensive Test Ban Treaty and the spread of nuclear weapons.

*Witnesses:* John Holum, Acting Under Secretary of State and Director, Arms Control and Disarmament Agency; Spurgeon Keeny, Director, Arms Control Association; and Dr. Kathleen Bailey, Senior Fellow, Lawrence Livermore National Laboratory.

*Retirement Coverage Error Correction Act of 1998 (May 13, 1998)*

The Subcommittee examined S. 1710.

*Witnesses:* William E. Flynn, Associate Director for Retirement and Insurance, U.S. Office of Personnel Management; Hon. Roger W. Mehle, Executive Director, Federal Retirement Thrift Investment Board; Dallas Salisbury, President, Employee Benefit Research Institute; and Daniel F. Geisler, President, American Foreign Service Association.

*The Benefits of Commercial Space Launch for Foreign ICBM and Satellite Programs (May 21, 1998)*

The Subcommittee examined how a foreign country's satellite and ICBM programs could benefit from launching U.S. commercial satellites, and whether the administration's export control policy is adequate to prevent technology transfers that endanger America.

*Witnesses:* Dr. William R. Graham, President, National Security Research, Inc.; John Pike, Federation of American Scientists; and Dr. William Schneider, Fellow, Hudson Institute.

*International Postal Services Act of 1998 (June 2, 1998)*

The Subcommittee examined S. 2082.

*Witnesses:* William J. Henderson, Postmaster General, U.S. Postal Service; Einar V. Dyhrkopp, Vice Chairman of the Board, U.S. Postal Service Board of Governors; Christopher McCormick, Senior Vice President of Advertising and Direct Marketing, L.L. Bean, Inc.; Fred Smith, Chairman, FDX Corporation; and James P. Kelly, Chairman and CEO, United Parcel Service.

*The Adequacy of Commerce Department Satellite Export Controls, Part 1 (June 18, 1998)*

The Subcommittee held a hearing to determine whether the current Commerce Department-administered export control system for commercial satellites is sufficient to prevent technology transfer harmful to U.S. National Security.

*Witnesses:* William Reinsch, Under Secretary for Export Administration, Department of Commerce; Jan M. Lodal, Principal Deputy Under Secretary for Policy, Department of Defense; and John D. Holum, Acting Under Secretary of State for Arms Control and International Security Affairs.

*The Adequacy of Commerce Department Satellite Export Controls, Part 2 (July 8, 1998)*

The Subcommittee continued its previous hearing to determine whether the current Commerce Department-administered export control system for commercial satellites is sufficient to prevent technology transfer harmful to U.S. National Security.

*Witnesses:* William Reinsch, Under Secretary for Export Administration, Department of Commerce; John D. Holum, Acting Under Secretary of State for Arms Control and International Security Affairs; and Frank W. Miller, Principal Deputy Assistant Secretary, Department of Defense.

*An Industry View of the Satellite Export Licensing Process (July 29, 1998)*

The Subcommittee examined the aerospace industry's perspective on the Commerce Department-administered export control system for commercial satellites.

*Witnesses:* C. Michael Armstrong, Chairman and CEO, AT&T and Chairman, President's Export Council; and Steven D. Dorfman, Vice Chairman, Hughes Electronics Corporation.

*Use of Mass Mail to Defraud Consumers (September 1, 1998)*

The Subcommittee examined the use of mass mail to defraud consumers, to include sweepstakes and government look-a-like mail.

*Witnesses:* Hon. Ben Nighthorse Campbell, U.S. Senator; Ken Hunter, Chief Inspector, U.S. Postal Inspection Service; Hon. Robert A. Butterworth, Attorney General, State of Florida; Stanley Pruss, Assistant Attorney General, State of Michigan; Richard A. Barton, Senior Vice President, Direct Marketing Association Inc.; and William E. Arnold, Ph.D., Director of Gerontology, Arizona State University.

*GAO Report on High Performance Computers (September 16, 1998)*

The Subcommittee examined a report prepared by the General Accounting Office on the administration's rationale for liberalizing export controls on high performance computers.

*Witnesses:* Harold J. Johnson, Associate Director, International Relations and Trade Issues, General Accounting Office; and William Reinsch, Under Secretary for Export Administration, Department of Commerce.

*Annual Report of the Postmaster General (October 1, 1998)*

The Subcommittee held its annual postal oversight hearing to give Hon. William J. Henderson, the Postmaster General, the opportunity to report publicly on the state of the U.S. Postal Service.

*Witness:* Hon. William J. Henderson, Postmaster General, U.S. Postal Service.

## II. LEGISLATION

1. The following is a list of selected measures which were considered by the Subcommittee on International Security, Proliferation, and Federal Services and became public laws:

S. 916, a bill designating a U.S. Post Office building in Taylorsville, Mississippi as the "Blaine H. Eaton Post Office Building" (Public Law 105-161).

S. 985, a bill designating a U.S. Post Office in Paterson, New Jersey as the "Larry Doby Post Office" (Public Law 105-162).

H.R. 282, a bill designating a U.S. Post Office building in New York, New York, as the "Oscar Garcia Rivera Post Office Building" (Public Law 105-87).

H.R. 499, a bill designating the facility of the U.S. Post Office in San Antonio, Texas as the "Frank M. Tejeda Post Office Building" (Public Law 105-4).

H.R. 681, a bill designating a U.S. Post Office building in Glendale, California as the "Carlos J. Moorhead Post Office Building" (Public Law 105-88).

H.R. 1057, a bill designating a U.S. Post Office building in Indianapolis, Indiana as the "Andrew Jacobs, Jr. Post Office Building" (Public Law 105-90).

H.R. 1058, a bill designating the facility of the U.S. Postal Service in Terre Haute, Indiana as the "John T. Myers Post Office Building" (Public Law 105-91).

H.R. 1254, (see also S. 595) a bill designating a U.S. Post Office building in Springfield, Missouri as the "John N. Griesemer Post Office Building" (Public Law 105-131).

H.R. 1316, to amend chapter 87 of Title 5, United States Code, with respect to the order of precedence to be applied in the payment of life insurance benefits (Public Law 105-205).

H.R. 1836, the Federal Employees Health Care Protection Act of 1998, to amend chapter 89 of title 5, United States Code, to improve the administration of the Federal Employees Health Benefits Program (Public Law 105-266).

H.R. 2013, a bill designating the facility of the U.S. Postal Service in South Kingstown, Rhode Island, as the "David B. Champagne Post Office Building" (Public Law 105-70).

H.R. 2129, a bill designating a U.S. Post Office in Steubenville, Ohio as the “Douglas Applegate Post Office” (Public Law 105–97).

H.R. 2564, a bill designating a U.S. Post Office in Pottsville, Pennsylvania as the “Peter J. McCloskey Postal Facility” (Public Law 105–99).

H.R. 2675, the Federal Employees Life Insurance Improvement Act, a bill to improve the structure and administration of the Federal Employees Group Life Insurance Program (Public Law 105–311).

H.R. 3096, a bill to correct a provision relating to termination of benefits for convicted persons under the Federal Employees’ Compensation Act, the workers’ compensation statute covering Federal employees (Public Law 105–247).

The following bills were enacted as part of the Omnibus Consolidated and Emergency Supplemental Appropriations Act for Fiscal Year 1999 (Public Law 105–277):

S. 2310, a bill designating a U.S. Post Office in East Northport, New York as the “Jerome Anthony Ambro, Jr. Post Office Building.”

S. 2370, a bill designating the facility of the U.S. Postal Service in Thomasville, Georgia as the “Lieutenant Henry O. Flipper Station.”

S. 2404, a bill establishing designations for five U.S. Postal Service buildings in Coconut Grove, Opa Locka, Carol City, and Miami, Florida.

H.R. 2623, a bill designating a U.S. Post Office in Kiln, Mississippi as the “Ray J. Favre Post Office Building.”

H.R. 2766, a bill designating the facility of the U.S. Postal Service in Chicago, Illinois as the “Karl Bernal Post Office Building.”

H.R. 2773, a bill designating the facility of the U.S. Postal Service in Chicago, Illinois as the “Daniel J. Doffyn Post Office Building.”

H.R. 2798, a bill redesignating a U.S. Postal Service building in Chicago, Illinois as the “Nancy B. Jefferson Post Office Building.”

H.R. 2799, a bill redesignating a U.S. Postal Service building as the “Reverend Milton R. Brunson Post Office Building.”

H.R. 2836, (see also S. 1640) a bill designating a U.S. Postal Service building in St. Paul, Minnesota as the “Eugene J. McCarthy Post Office Building.”

H.R. 3120, a bill designating a U.S. Post Office in Provo, Utah as the “Howard C. Nielson Post Office Building.”

H.R. 3630, a bill redesignating a facility of the U.S. Postal Service in Albuquerque, New Mexico as the “Steven Schiff Post Office Building.”

H.R. 3808, a bill designating a U.S. Post Office in Plymouth, Michigan as the “Carl D. Pursell Post Office Building.”

H.R. 3810, a bill designating a U.S. Post Office in Garwood, New Jersey as the “James T. Leonard, Sr. Post Office Building.”

H.R. 3939, a bill designating a U.S. Postal Service building in Philadelphia, Pennsylvania as the “Edgar C. Campbell, Sr. Post Office Building.”

H.R. 3999, a bill designating a U.S. Postal Service building in Philadelphia, Pennsylvania as the “David P. Richardson, Jr., Post Office Building.”

H.R. 4516, a bill designating a U.S. Postal Facility in Oxon Hill, Maryland as the “Jacob Joseph Chestnut Post Office Building.”

2. The following bill was reported favorably by polling letter from the Subcommittee on International Security, Proliferation, and Federal Services but did not pass the Senate:

S. 336, a bill to convert certain excepted service positions in the U.S. Fire Administration to competitive service positions. On November 5, 1997, the full Committee ordered the bill reported favorably without amendment, and on November 6, 1997, the bill was reported without written report.

3. The investigation and oversight hearings of the Subcommittee on International Security, Proliferation, and Federal Services regarding international security and proliferation issues contributed greatly to the development of the following legislative initiatives:

*Amendment relating to high performance computer export regulations to the Fiscal Years 1998 and 1999 National Defense Authorization Act (Public Law 105–85)*

This amendment was offered on June 19, 1997, by Senator Cochran for himself and Senators Durbin, Abraham, Hutchinson, Thurmond, Lugar, Smith (Bob), Kyl, Coverdell, Sessions, Inhofe, and Collins. It strengthened high performance computer export regulations by requiring exporters to notify the Department of Commerce of any planned sales of computers with performance levels greater than 2,000 MTOPS to tier three countries and requiring the Department of Commerce to perform post-shipment verification on all high performance computer exports with performance levels greater than 2,000 MTOPS to tier three countries. The amendment was agreed to by the Senate by voice vote and included in the final conference report on the bill.

*S. 1873—The American Missile Protection Act of 1998*

This bill, introduced by Senator Cochran and 38 other Senators, including Chairman Thompson and Senators Inouye, Hollings, Lott, Thurmond, Stevens, Helms, Warner, Nickles, Domenici, Craig, Inhofe, Murkowski, Shelby, Bond, Frist, Abraham, McCain, and Snowe, on March 27, 1998, would make it “the policy of the United States to deploy as soon as technologically possible an effective National Missile Defense system capable of defending the territory of the United States against limited ballistic missile attack (whether accidental, unauthorized, or deliberate).” It was referred to the Senate Committee on Armed Services and favorably reported to the Senate on April 24, 1998. A motion to proceed to consideration of the measure was made on May 11, 1998, and this motion was filibustered. On May 13, 1998, by a Yea-Nay Vote of 59–41, cloture on the motion to proceed was not invoked in the Senate. A second motion to proceed to consideration of the bill was made on September 3, 1998, and again, by a Yea-Nay Vote of 59–41, cloture on the motion to proceed was not invoked in the Senate.

*Legislation relating to satellite export regulations*

As part of the Fiscal Year 1999 National Defense Authorization Act, export licensing for commercial communications satellites was

moved from the Commerce Department to the State Department, thus reversing the Clinton Administration's 1996 decision.

### III. REPORT, COMMITTEE PRINT, AND GAO REPORTS

1. *The Proliferation Primer*. In January 1998, the Majority Members of the Subcommittee issued a paper which described an investigation of the actions of the principal suppliers of technology and components for weapons of mass destruction, missile delivery systems, and key enabling technologies such as supercomputers. The paper also examined the increasing availability of ballistic missile technology and expertise in the information age, as well as the Clinton Administration's response to the proliferation threat. The Primer was based on 11 hearings held by the Subcommittee in 1997.

2. Compilation of Hearings on National Security Issues. (S. Prt. 105-50)

3. The following reports were issued by the General Accounting Office (GAO) at the request of the Chairman and/or Ranking Member of the Subcommittee on International Security, Proliferation, and Federal Services:

Export Controls: Information on the Decision to Revise High Performance Computer Controls, GAO—NSIAD-98-196 (September 1998)

Export Controls: Changes in Controls Applied to the Export of High Performance Computers, GAO—T-NSIAD-98-250 (September 1998)

Proposed Legislation: Issues Related to Honesty in Sweepstakes Act of 1998 (S. 2141), GAO—T-GGD-98-198 (September 1998)

Comparison of Foreign Lobbying Registrations, GAO—GGD-98-129R (May 1998)

Comparison of Lobbyists' Registrations, GAO—GGD-98-105R (April 1998)

Information on States' Lobbying Disclosure Requirements, GAO—GGD-97-95R (May 1997)

OVERSIGHT OF GOVERNMENT MANAGEMENT,  
RESTRUCTURING, AND THE DISTRICT OF COLUMBIA  
SUBCOMMITTEE

CHAIRMAN: SAM BROWNBACK

RANKING MINORITY MEMBER: JOSEPH I. LIEBERMAN

I. HEARINGS

The Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia held the following hearings during the 105th Congress:

*1. Federal Tax Policy for the District of Columbia (March 6, 1997)*

This hearing marked the first of many that the Subcommittee held to examine a comprehensive package of incentive-based policies such as enterprise zones, tax policy, improved public safety, education and welfare reform. This particular hearing focused on changing Federal tax policies to provide incentives for certain economic activities in the District. The goal of the hearing was to highlight different Federal tax policy ideas that would empower the District of Columbia Government and revive the local economy.

*Witnesses:* Hon. Eleanor Holmes Norton, U.S. Representative from the District of Columbia; Marion Barry, Mayor of the District of Columbia; Jack Kemp, Co-Director, Empower America; Daniel J. Mitchell, McKenna Senior Fellow in Political Economy, The Heritage Foundation; and William A. Niskanen, Chairman, Cato Institute.

*2. Overview of Management Issues for the Department of Commerce (March 10, 1997)*

This hearing was the first in a series regarding management issues in the Department of Commerce. The hearing focussed on concerns raised by the Inspector General's Office, Congress, the General Accounting Office, and the National Performance Review with regard to the management of the Department of Commerce. Of particular concern were questions raised in regard to the National Oceanic and Atmospheric Administration (NOAA) corps and the NOAA fleet. Even after the Department of Commerce had received directives regarding the fleet from a number of different entities, little or no progress had been demonstrated in solving the areas of concern.

*Witnesses:* Frank DeGeorge, Inspector General, U.S. Department of Commerce; and Raymond G. Kammer, Jr., Acting Chief Financial Officer and Assistant Secretary for Administration, U.S. Department of Commerce.

*3. Successes in Urban Problem-Solving, Mayoral Perspectives (March 11, 1997)*

This was a joint hearing held by the Subcommittee in conjunction with the House Subcommittee on the District of Columbia of the Committee on Government Reform and Oversight, the House Subcommittee on the District of Columbia of the Committee on Appropriations, and the Senate Subcommittee on the District of Co-

lumbia of the Committee on Appropriations. The purpose of the hearing was to explore how other cities have successfully dealt with a variety of problems similar to those faced by the District of Columbia. Mayors from around the country testified as to how their cities addressed the challenges of economic development, educational quality, infrastructure improvement, public safety and general governmental efficiency.

*Witnesses:* Patrick McCrory, Mayor, Charlotte, NC; Susan Golding, Mayor, San Diego, CA; Stephen Goldsmith, Mayor, Indianapolis, IN; Knox H. White, Mayor, Greenville, SC; and Edward G. Rendell, Mayor, Philadelphia, PA.

4. *White House Proposal for the District of Columbia (March 13, 1997)*

This was a joint informational hearing held with the House Subcommittee on the District of Columbia of the Committee on Government Reform and Oversight. The hearing reviewed the President's National Capital Revitalization and Self-Government Improvement Plan which outlined the terms for the transfer of many city functions to the Federal Government. The Subcommittees heard the testimony of the Mayor, financial control board members, D.C. Council members and city administrators as to how the plan would affect the District of Columbia. On August 5, 1997, the National Capital Revitalization and Self-Government Improvement Act of 1997 was enacted as part of the Balanced Budget Act of 1997 (Public Law 105-33).

*Witnesses:* Marion Barry, Jr., Mayor, Washington, D.C.; Charlene Drew Jarvis, Chairwoman, Pro Tempore, Washington, D.C. City Council; Andrew Brimmer, Chairman, District of Columbia Financial Responsibility Management and Assistance Authority; and Anthony Williams, Chief Financial Officer, Washington, D.C.

5. *The Role of the Department of Commerce in the U.S. Trade Policy, Promotion and Regulation, and Opportunities for Reform and Consolidation (March 20, 1997)*

This hearing was the second in a series on the Department of Commerce. The first hearing focused on management issues and problems that existed at the Department of Commerce; this hearing focused on the role of the Department of Commerce in international trade policy and promotion. The hearing was comprised of three panels, the first of which discussed a proposed plan for consolidating the trade promotion and the trade policy making within the Federal Government. The second panel addressed the overall trade policy and promotion structure within the Federal Government and the third panel represented the Department of Commerce with respect to international trade.

*Witnesses:* Hon. John L. Mica, Representative in Congress from the State of Florida; Hon. Rick White, Representative in Congress from the State of Washington; Professor William H. Lash III, Director of the Law and Economics Center, and Associate Dean, George Mason University School of Law; Edward L. Hudgins, Director of Regulatory Studies, Cato Institute; Edward J. Black, President, Computer and Communications Industry Association; and Timothy J. Hauser, Deputy Under Secretary, International Trade Administration, Department of Commerce.



6. *Role of the Department of Commerce in Federal Statistical Gathering, Analysis and Dissemination, and Opportunities for Reform and Consolidation (April 9, 1997)*

This hearing was the third in a series on the Department of Commerce. The focus of this hearing was the statistical gathering functions of the Federal Government and legislation to create a commission to study the consolidation of these agencies (S. 1404, "The Federal Statistical Systems Act of 1998"). The Subcommittee looked at the lack of efficiency of statistical gathering in the United States where 89 different government organizations are involved in the collection of information at a cost of \$3 billion annually. The goal of the hearing was to address possibilities for reform and consolidation in the Federal Government's gathering, analysis, and dissemination of statistical information.

*Witnesses:* Hon. Daniel Patrick Moynihan, U.S. Senator from the State of New York; Hon. Stephen Horn, Representative in Congress from the State of California; Vincent P. Barabba, General Motors Corporate Strategy and Knowledge Department; Janet Norwood, Senior Fellow, The Urban Institute; Maurine A. Haver, Chair, Statistics Committee, National Association of Business Economists; Leonard Nakamura, Economic Adviser, Federal Reserve Bank of Philadelphia; and L. Nye Stevens, Director, Federal Management and Workforce Issues, General Government Division, U.S. General Accounting Office.

7. *Government and Television: Improving Programming Without Censorship (April 16 and May 8, 1997)*

This hearing addressed the issue of television violence and the role of the Federal Government. The Subcommittee examined what the Federal Government could do about the negative impact that violent television has on children, without engaging in censorship or imposing government standards on the broadcast industry. The goal of the hearing was to discuss ways that the Federal Government could have a positive influence on the television debate, for example, by removing perceived barriers, either real or artificial, to the creation of voluntary programming guidelines by the industry.

*Witnesses:* (April 16, 1997) Hon. Mike DeWine, U.S. Senator from the State of Ohio; Dale Kunkel, Ph.D., Associate Professor, Department of Communications, University of California-Santa Barbara; Jeffery I. Cole, Director, UCLA Center for Communication Policy; Helen K. Liebowitz, Member, National PTA Board of Directors; Witney G. Vanderwerff, Ph.D., Executive Director, National Alliance for Non-Violent Programming; Michael Brody, M.D., American Academy of Child and Adolescent Psychiatry Media Committee; and David Walsh, Ph.D., Executive Director, National Institute on Media and the Family.

*Witnesses:* (May 8, 1997) L. Brent Bozell, III, Chairman, Media Research Center; David Murray, Director of Research, Statistical Assessment Service; Jane Brown, Professor, University of North Carolina-Chapel Hill School of Journalism and Mass Communication; Laurie Lee Humphries, M.D., Professor, Child and Adolescent Psychiatry Department, University of Kentucky College of Medicine; Mary Anne Layden, Director of Education, University of Pennsylvania, Center for Cognitive Therapy; Sarah S. Brown, Director, National Campaign to Prevent Teen Pregnancy; and Elayne

Bennett, President and Founder, Best Friends Foundation, accompanied by Sue Lei, School Without Walls, Whitney Brown, and Nefertina Frances, from Amidon.

8. *Improvement Opportunities for the Public Schools in the District of Columbia (April 17, 1997)*

This hearing focussed on public education in the District of Columbia—solutions for poor performance, how to increase school safety and student well being, stopping material shortages in the schools, and alleviating the school district's crumbling infrastructure. The hearing also focused on ways to help students improve their below-average test scores on the Comprehensive Basic Skill Test.

*Witnesses:* General Julius W. Becton, Jr., Chief Executive Officer, District of Columbia Public Schools; Dr. Bruce MacLaury, Chairman, Emergency Transition Education Board of Trustees; Hon. Lamar Alexander, Former U.S. Secretary of Education; Hon. Ed Koch, Former Mayor of New York City; Dr. Jay P. Greene, University of Houston, Author of "The Effectiveness of School Choice in Milwaukee: A Secondary Analysis of Data from the Program's Evaluation"; Jeanne Allen, President, The Center for Education Reform; Kathleen Sylvester, Vice President of Domestic Policy, Progressive Policy Institute; Kevin Chavous, D.C. Councilmember, Chairman, Committee on Education, Libraries and Recreation; and Mark Roberts, Parent of Students in District of Columbia Public Schools.

9. *Opportunities for Management Reforms at the National Oceanic and Atmospheric Administration (April 24, 1997)*

This hearing was the fourth in a series on the Department of Commerce. The purpose for the hearing was to look at the National Oceanic and Atmospheric Administration, NOAA. More specifically the hearing addressed issues concerning the Federal surveying and mapping, the NOAA fleet, and the National Weather Service. The goal of the hearing was to determine whether or not NOAA performs functions that could be more efficiently handled by the private sector or consolidated elsewhere within the government. Other issues that were raised pertained to the competition between more than 100 private companies and the National Weather Service, as well as issues regarding the aging NOAA fleet.

*Witnesses:* Diana Josephson, Deputy Under Secretary for Oceans and Atmosphere, National Oceanic and Atmospheric Administration, U.S. Department of Commerce, accompanied by Admiral William Stubblefield, Director, NOAA Corps, and John Carey, Associate Deputy Under Secretary for Oceans and Atmosphere; Brian Logan, President, Photo Science, Inc., accompanied by John Palatiello, Executive Director, Management Association for Private Photogrammetric Surveyors; Kenneth S. Johnson, Chairman, University-National Oceanographic Laboratory System; and Joel Myers, President, AccuWeather, Inc.; Joel Willemsen, Director, Information Resources Management, Accounting and Information Management Division, U.S. General Accounting Office, accompanied by Keith Rhodes, Technical Director, Office of Chief Scientist, U.S. General Accounting Office.

10. *Fighting Crime and Violence in the District of Columbia: Capital Punishment as a Deterrent (April 30, 1997)*

This oversight hearing examined legislation introduced by Senator Kay Bailey Hutchison, S. 294, entitled “Officer Brian Gibson District of Columbia Police Protection Act.” The proposed bill would protect District of Columbia police officers with the same death penalty laws that apply to Federal law enforcement officers. The Subcommittee also looked at other new mechanisms to reduce the District’s crime rate—particularly crime towards police officers—including an increase in the penalties for committing crime. The bill was reported out of Committee favorably and without amendments on November 5, 1997.

*Witnesses:* Hon. Kay Bailey Hutchison, U.S. Senator from the State of Texas; Tracie Gibson, widow of District of Columbia Officer Brian Gibson; Stephen D. Harlan, Vice Chairman, District of Columbia Financial Responsibility and Management Assistance Authority; Gary Mather, Senior Vice President, Booz-Allen and Hamilton, Inc., accompanied by James Stewart, Principal, Booz-Allen and Hamilton, Inc.; Larry Soulsby, Chief of Police, District of Columbia Police Department; Hon. Eugene N. Hamilton, Chief Judge, Superior Court of the District of Columbia; Robert Moffit, Deputy Director for Domestic Policy Studies, The Heritage Foundation; C. Stephen Wallis, Washington, D.C. Area School Administrator; Carol Schwartz, District of Columbia City Council Member; and Rev. H. Beecher Hicks, Jr., Senior Minister, Metropolitan Baptist Church.

11. *The President’s Proposal and Alternative Approaches for the District of Columbia (May 13, 1997)*

The hearing focused on President Clinton’s National Capital Revitalization and Self-Government Improvement Plan, as well as the city’s reaction to it. The administration’s plan recommended reordering the relationship between the District of Columbia and the Federal Government with a goal of putting the city on firmer financial ground and returning home rule. The plan provided for the Federal Government’s assumption of over \$4 billion of the District of Columbia’s operating costs over 5 years, saving the city nearly \$700 million over the same period. The plan also offered over \$1 billion for economic development.

*Witnesses:* Hon. G. Edward DeSeve, Controller, Office of Financial Management, U.S. Office of Management and Budget; Marion Barry, Mayor, District of Columbia; and Linda W. Cropp, Acting Chair, District of Columbia City Council.

12. *Department of Commerce’s Technology Grant Programs (June 3, 1997)*

This hearing was the fifth in a series on the Department of Commerce, it looked at technology grants administered by the Department, primarily the Advanced Technology Program (ATP). This program provides hundreds of millions of taxpayer dollars each year to industrial giants such as GE and IBM. While some people viewed these subsidies as critical to American competitiveness in the global marketplace, others saw them as wasteful corporate subsidies. The cost of the ATP program was \$10 million in 1990 and had grown to \$225 million by 1997.

*Witnesses:* Mary Lowe Good, Under Secretary for Technology, Technology Administration, U.S. Department of Commerce; Robert M. White, University Professor, Carnegie Mellon University; Tim Draper, Managing Director, Draper Fisher Associates; T.J. Rodgers, President and Chief Executive Officer, Cypress Semiconductor Corporation; Stephen Moore, Director of Fiscal Policy Studies, Cato Institute; and Dwight D. Carlson, Vice Chairman, Perceptron, Incorporated.

*13. S. 314—Freedom from Government Competition Act (June 18, 1997)*

This hearing was the first in a series to investigate the opportunities for greater competitive contracting within the Federal Government as well as other privatization projects at the national level. While most prominent privatization initiatives have focused on the divestiture of assets and commercial-like enterprises, such as the Naval Petroleum Reserve and the Uranium Enrichment Corporation, this hearing focused on opportunities at the Federal level to involve competition contracting in the thousands of routine commercial-type services that the government provides to itself and the public. Senator Craig Thomas and Representative John Duncan testified on their bicameral companion legislation that addresses the issue of Federal Government competition with the private sector for commercial activities.

*Witnesses:* Hon. Craig Thomas, U.S. Senator from the State of Wyoming; Hon. John J. Duncan, Jr., Representative in Congress from the State of Tennessee; John A. Koskinen, Deputy Director, Office of Management and Budget; Samuel D. Kleinman, Director, Center for Naval Analysis; Captain Burton Streicher, CEC, U.S. Navy, Director, Navy Outsourcing Support Office; Charles S. Davis III, Chamberlain, Davis, Rutan and Valk, formerly the Associate Administrator for Operations, General Services Administration; L. Nye Stevens, Director, Federal Management and Workforce Issues, General Government Division, U.S. General Accounting Office; and John N. Sturdivant, National President, American Federation of Government Employees, AFL-CIO.

*14. National Drought Policy Act of 1997—S. 222 (September 8, 1997) (unofficial)*

In the wake of the past year's devastating floods the Subcommittee held this hearing to examine S. 222, "The National Drought Policy Act of 1997," which calls for the creation of an independent commission to study and make recommendations on the Federal Government's response to drought emergencies. Introduced by Senator Pete Domenici, S. 222's national advisory commission would report to the President, the Senate, and the House, and be chaired by the Secretary of Agriculture or his designee. S. 222 was reported out of Committee on November 7, 1997 and passed the Senate on November 10, 1997. On November 12, 1997, the bill was introduced in the House as H.R. 3035, passed by the House on June 16, 1998, and passed by the Senate on June 24, 1998. It was signed into law on July 16, 1998 (Public Law 105-199).

*Witnesses:* Hon. Richard Rominger, Deputy Secretary, U.S. Department of Agriculture; Hon. Edward T. Schafer, Governor, North Dakota; Hon. Jennifer Salisbury, Secretary, Department of Energy,

Minerals and Natural Resources, New Mexico; John Baker, Commissioner, Texas Natural Resources Conservation Commission; John Van Sweden, President, New Mexico Farm and Livestock Bureau, American Farm Bureau Federation; and Robert C. Brown, Executive Vice President, Credit Division, Farm Credit Bank of Texas.

*15. A Progress Report on the Reforms in the D.C. Public Schools  
(September 8, 1997)*

This hearing was the second which focused on the District of Columbia public schools. Held right before the opening of the 1997–98 school year, the purpose of the hearing was to discuss the progress of educational reform in the school system and examine DCPS management. Representative Richard Armey testified on H.R. 1797, school choice legislation for the District of Columbia. Rep. Armey's bill would provide Opportunity Scholarships for approximately 2,000 low-income children who attend the District's public schools. The same legislation also was introduced in the Senate by Senators Coats, Lieberman, and Brownback.

*Witnesses:* Hon. Richard K. Armey, Majority Leader, U.S. House of Representatives; Jeanne Allen, President, The Center for Education Reform; Nina Shokraii, Education Policy Analyst, Domestic Policy Studies, The Heritage Foundation; Kent B. Amos, President, Urban Family Institute; Bruce K. MacLaury, Chairman, Emergency Transition Education Board of Trustees, District of Columbia Public Schools; and General Julius W. Becton, Jr., (Retired), Chief Executive Officer and Superintendent, District of Columbia Public Schools, accompanied by Major General Charles Williams, (Retired), Chief Operating Officer.

*16. Music Violence: How Does it Affect Our Children? An Examination of the Impact of Violent Music Lyrics on Youth Behavior and Well-Being in the District of Columbia and Across the Nation (November 6, 1997)*

This oversight hearing looked at the impact that violent music has on the youth of America. Over the last 30 years, violent juvenile crime had jumped by more than 500 percent, teen suicide had tripled, and unwed teen pregnancy had skyrocketed. In the last 4 years alone, casual drug use among teens had jumped nearly 50 percent. The same statistics were especially alarming among the children in the District of Columbia.

*Witnesses:* Hon. Kent Conrad, U.S. Senator from the State of North Dakota; Raymond Kuntz, Parent, Burlington, North Dakota; Dr. Frank Palumbo, on behalf of the American Academy of Pediatrics, Washington, D.C.; Hilary Rosen, President and Chief Executive Officer, Recording Industry Association of America, Washington, D.C.; C. DeLores Tucker, Chair, National Political Congress of Black Women, Inc., Silver Spring, Maryland, accompanied by Chad Sisk, Philadelphia, Pennsylvania; and Donald F. Roberts, Thomas Moore Stork Professor of Communications, Stanford University.

*17. Reforming the Adoption and Foster Care System in the District of Columbia (February 12, 1998)*

This hearing focused on the deteriorating condition of the District of Columbia adoption and foster care system. In the District, two-thirds of the children who come under the District's custody grow up and age out of the foster care system at 18 years of age rather than growing up in a permanent adoptive home. As a result, the D.C. Child and Family Services, which handles foster care and adoption, is currently operating under a Federal court receivership. The purpose of the hearing was to hear about the innovative adoption reforms in Kansas and how they may apply to the District. In addition, the hearing provided an opportunity for the newly-appointed Federal Court receiver to announce her plans for improvement within the D.C. Child and Family Services.

*Witnesses:* Hon. Mike DeWine, U.S. Senator from the State of Ohio; Hon. Charles E. Grassley, U.S. Senator from the State of Iowa; Hon. Dave Camp, U.S. Representative in Congress from the State of Michigan; Hon. Rochelle Chronister, Secretary, Department of Social and Rehabilitative Services, State of Kansas; Hon. Larry E. Craig, U.S. Senator from the State of Idaho; Debora Caruth, D.C. Foster Care Parent; Gordon Henry Gosselink, D.C. Pre-Adopted Child; Ernestine F. Jones, LaShawn General Receiver, District of Columbia Child and Family Services; Judith Meltzer, Senior Associate, Center for the Study of Social Policy; and Thomas Wells, Executive Director, Consortium for Child Welfare.

*18. Lessons Learned in the D.C. Public Schools (March 9, 1998)*

This hearing served as a progress report on the D.C. public school system for the previous academic year. The District school system had performed poorly under the leadership of a new Superintendent and the D.C. Emergency Education Board of Trustees. The city's public schools suffered from low academic achievement scores throughout the system and a delayed opening due to roof repairs. The hearing addressed a GAO study that highlighted flaws in the school system's roof repair process as well as safeguards to help avoid more set-backs in following school years.

*Witnesses:* Gloria L. Jarmon, Director, Health, Education and Human Services, Accounting and Financial Management, Accounting and Information Management Division, General Services Office; David L. Cotton, Managing Partner, Cotton and Company, accompanied by Ed Fritts, Senior Manager, Cotton and Company, and Marvin Allmond, Managing Partner, Allmond and Company; General Julius W. Becton, Jr., Superintendent, District of Columbia Public Schools, accompanied by Arlene Ackerman, Chief Academic Officer; and Tallib-Din Uqdah, parent of D.C. Public School students.

*19. A Free Market Approach to Federal Contracting: Fair Competition Act of 1998 and the Competition in Commercial Activities Act of 1998 (S. 314) (March 24, 1998)*

This was a joint hearing held in conjunction with the House Subcommittee on Government Management, Information, and Technology of the House Committee on Government Reform and Oversight. The hearing focused on the Senate and House re-draft of the original version of S. 314, the Freedom From Government Competi-

tion Act of 1997. Rather than prohibiting the Federal Government from competing with the private sector, the new draft establishes a level playing field in which the private sector and the Federal agencies compete for commercial activities performed by the Federal Government. The purpose of the hearing was to gain input from various representatives from OMB, the private sector, former government officials, and Federal employee unions.

*Witnesses:* Hon. Craig Thomas, U.S. Senator from the State of Wyoming; G. Edward DeSeve, Acting Deputy Director for Management, U.S. Office of Management and Budget; Skip Stitt, former Deputy Mayor, City of Indianapolis, testifying on behalf of Hon. Steven Goldsmith, Mayor of Indianapolis; Steve Kelman, Ph.D., Weatherhead Professor of Public Management, Harvard University; Bryan Logan, Chief Executive Officer, Earth Data International; Larry Trammell, Corporate Vice President and General Manager, Science Applications International Corp; Douglas K. Stevens, Jr., Partner of Information Technology Services Group, under Grant Thornton, LLP, representing the U.S. Chamber of Commerce; Robert M. Tobias, National President, The National Treasury Employees Union; Bobby L. Harnage, President, American Federation of Government Employees; and Michael B. Styles, National President, Federal Managers Association.

20. *Giving Children a Chance to Learn: The D.C. Student Opportunity Scholarship Act (May 5, 1998)*

This hearing solicited the views of the parents and children who were going to be directly impacted by President Clinton's decision to veto the "District of Columbia Student Opportunities Scholarship Act of 1997." The Act, which was to provide approximately \$7 million to be apportioned into 1,800 scholarships for low income families, was vetoed 15 days after the hearing on May 20, 1998. Two District of Columbia residents testified as to how the proposed legislation would positively impact their lives and the lives of their children. They discussed the condition of the District's public schools and how the system was failing to educate their children.

*Witnesses:* Virginia Walden, District of Columbia resident; and Wesley Walker-Bey, District of Columbia resident.

21. *The Role of Faith-Based Charities in the District of Columbia (May 18, 1998)*

The purpose of this hearing was to examine how faith-based non-profit organizations serve a positive role in helping residents of the District of Columbia. The Subcommittee was interested in uncovering government barriers hindering the work of these charities and finding ways to help them overcome these barriers. The executive directors from several local charities testified, as well as former "clients" of several charities. One former drug addict is now gainfully employed on Capitol Hill; a disruptive high school student is now focused on education and is finishing her undergraduate degree at George Washington University. The charities represented had encountered excessive government paperwork and zoning impediments in the District of Columbia. Senator Coats and other policy analysts testified to the positive impact of Members of Congress through their personal involvement in charitable work.

*Witnesses:* Hon. Dan Coats, U.S. Senator from the State of Indiana; Dr. Edward J. Eyring, President and Executive Director, Gospel Rescue Ministries; Hannah M. Hawkins, Founder and Director, Children of Mine Center; Jim Till, Executive Director, Strategies to Elevate People; Amy Hunt Johnson, Director, Neighborhood Learning Center; April Lassiter, President, The Initiative for Children Foundation; and Joe Loconte, Deputy Editor, Policy Review Magazine, The Heritage Foundation.

22. *Competition for Commercial Activities in the Federal Government (June 4, 1998)*

In an effort to keep commercial functions in-house, many Federal agencies ignore OMB's policy, known as OMB Circular A-76, for identifying and competing non-inherently governmental activities. This hearing focused on why agencies ignore OMB A-76 and how legislation, like the Fair Competition Act (S. 314) could solve this problem. Senator Craig Thomas, sponsor of the original version of S. 314, gave a statement and discussed why the Federal Government should use the tools available to them to bring the benefits of competition to the government.

*Witnesses:* Hon. Craig Thomas, U.S. Senator from the State of Wyoming; J. Christopher Mihm, Acting Associate Director, Federal Management Workforce Issues, U.S. General Accounting Office, accompanied by Bill Reinsberg and Marilyn Wasleski; G. Edward DeSeve, Acting Deputy Director, U.S. Office of Management and Budget; John Berry, Assistant Secretary for Policy, Management and Budget, U.S. Department of the Interior; and W. Scott Gould, Chief Financial Officer and Assistant Secretary for Administration, U.S. Department of Commerce.

23. *"Keeping the Nation's Capital Safe" (July 27, 1998)*

The crime situation in the Nation's capital city has been improving statistically but remains far too violent. This hearing examined a D.C. Inspector General's report documenting the problems with the city's emergency 911 system and discussed grass roots efforts being implemented to fight crime at the neighborhood level in the District of Columbia. Chief of Police, Charles Ramsey, testified on behalf of the Metropolitan Police Department. Two local residents testified about their local anti-crime efforts and the positive impact they have had on their communities. Chairman Brownback also honored Capitol Hill Police officers Jacob Chestnut and John Gibson who gave their lives in the line of duty just 3 days prior to the hearing.

*Witnesses:* Charles H. Ramsey, Chief of Police, Metropolitan Police Department, District of Columbia, accompanied by Terrence Gainer, Executive Assistant Chief of Police, and Mike Fitzgerald, Assistant Chief, Technical Services; James F. Foreman, Coordinator, Metro Orange Coalition; and Kirsten Oldenburg, Editor, Crimemail, D.C. Police Service Area 109.

24. *Agency Management of Implementation of the Coal Act (October 6, 1998)*

In June of 1998, the U.S. Supreme Court ruled in *Eastern Enterprises v. Apfel* that the 1992 Coal Act created an unconstitutional "taking." Senator Sam Brownback focused this oversight hearing



on the impact of the Supreme Court's decision for other reachback companies and the decision's long-term financial implications for the solvency of the Combined Fund.

*Witnesses:* Hon. John D. Rockefeller, IV, U.S. Senator from the State of West Virginia; Hon. Kent Conrad, U.S. Senator from the State of North Dakota; Hon. Kathy Karpan, Director, Office of Surface Mining Reclamation and Enforcement, Department of the Interior; Bill Fant, Special Assistant, Office of Tax Policy, Department of the Treasury; and Marilyn O'Connell, Associate Commissioner, Office of Program Benefits Policy, Social Security Administration.

*25. Are Military Adultery Standards Changing: What Are the Implications? (October 7, 1998)*

On August 14, 1998, the Federal Register contained proposed changes to the Department of Defense Manual for Courts Martial relating to adultery. This oversight hearing focused on the process of developing these new proposed guidelines and whether these changes would "clarify" the standards or make it easier for a commander to overlook unacceptable behavior because the effects of the offense were not "immediate, obvious, and measurably divisive." Elaine Donnelly, President of the Center for Military Readiness, testified that she had discovered through a FOIA request that DOD had solicited outside advice on the proposed change in the adultery standard from the ACLU and the Servicemembers Legal Defense Network. Furthermore, she stated that DOD did not consult with any of the major veterans' organizations or military professional societies such as the American Legion, the Veterans of Foreign Wars, and the Naval Institute. She believes that the proposed changes may serve to muddy the waters on prosecuting adultery and give the perception that adultery is not taken seriously by the military. Others testifying stated that the changes would serve to "civilianize" the military culture, interfering with the focus of troops and damaging combat readiness, morale, and unit cohesion.

*Witnesses:* Elaine Donnelly, President, Center for Military Readiness; Dr. Daniel R. Heimbach, Former Deputy Assistant Secretary of the Navy for Manpower; and Lieutenant Colonel Robert L. Maginnis, USA Ret., Director, Military Readiness Project, Family Research Council.

## II. GAO REPORTS

During the 105th Congress, the Subcommittee worked in conjunction with the General Accounting Office on 13 reports and studies:

Transportation Infrastructure: Managing the Costs of Large-Dollar Highway Projects, RCED-97-47 (February 28, 1997)

Weather Service Modernization: Risks Remain that Full System Potential Will Not Be Achieved, T-AIMD-97-85 (April 24, 1997)

Courthouse Construction: Better Courtroom Use Data Could Enhance Facility Planning and Decisionmaking, GGD-97-39 (May 19, 1997)

Privatization and Competition: Comments on S. 314, the Freedom From Government Competition Act, T-GGD-97-134 (June 18, 1997)

District of Columbia: Revenue Compared With Those of Selected Cities, GGD-97-135R (June 26, 1997)

Best Practices: Elements Critical to Successfully Reducing Unneeded RDT&E Infrastructure, NSIAD-RCED-98-23 (January 8, 1998)

Convention Centers' Economic Benefits, GGD-AIMD-OCE-98-71R (February 27, 1998)

Federal Research: Challenges to Implementing the Advanced Technology Program, RCED-OCE-98-83R (March 2, 1998)

District of Columbia Public Schools: Availability of Funds and the Cost of FY 1997 Roof Projects, T-AIMD-98-95 (March 9, 1998)

OMB Circular A-76: Oversight and Implementation Issues, T-GGD-98-146 (June 4, 1998)

Regulatory Management: Implementation of Selected OMB Responsibilities Under the Paperwork Reduction Act, GGD-98-120 (July 9, 1998)

Employee Benefits: Status of UMWA Combined Benefit Fund, HEHS-99-7R (October 2, 1998)

Paperwork Reduction Act: Implementation at IRS, GGD-99-4 (November 16, 1998)

### III. LEGISLATION

The following bills were considered by the Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia during the 105th Congress:

#### *S. 199—Federal Research Financing Improvement Act of 1997*

The bill prohibits the construction of new Federal research facilities to carry out a covered research activity unless the head of the Federal agency with jurisdiction over the new facility enters into a cooperative agreement for such construction and the conduct of such research with appropriate representatives of each beneficiary industry to be served by the activity. It requires the beneficiary industry to pay at least half the cost of construction and requires the agreement to provide for both: (1) sharing among beneficiary industries of intellectual property obtained from covered research activities; and (2) protection of certain intellectual property used by the Federal Government in carrying out the activities.

#### *S. 222—National Drought Policy Act of 1997 (Public Law 105-199)*

This bill establishes the National Drought Policy Commission to conduct a thorough study and submit a specified report on national drought policy to the President and the Committee on Government Affairs of the Senate and the Committee on Government Reform and Oversight of the House together with its recommendations for such legislation and administrative actions as it considers appro-

priate. The bill terminates the Commission 90 days after the submission of report.

On November 5, 1997, the Committee ordered the bill reported favorably with an amendment in the nature of a substitute. A written report was filed on November 7, 1997 (S. Rept. 105–144). It passed the Senate on November 10, 1997 with an amendment by unanimous consent. On November 12, 1997, the bill was introduced in the House as H.R. 3035, passed by the House on June 16, 1998, and passed by the Senate on June 24, 1998. It was signed into law on July 16, 1998 (Public Law 105–199).

*S. 294—Officer Brian Gibson District of Columbia Police Protection Act*

This bill amends the Federal criminal code to establish penalties, including the death penalty, for the killing or attempted killing of a law enforcement officer of the District of Columbia.

The Committee ordered the bill reported favorably without amendment on November 5, 1997.

*S. 314—Freedom From Government Competition Act of 1997 (Public Law 105–270) (Title amended to “Federal Activities Inventory Reform Act of 1998.”)*

This bill directs the head of each executive agency to submit to the Director of the Office of Management and Budget, not later than the end of the third quarter of each fiscal year, a list of activities performed by Federal Government sources for the agency that, in the judgment of the head of the executive agency, are not inherently governmental functions.

On July 15, 1998, the Committee ordered the bill to be favorably reported with Chairman Thompson’s amendment in the nature of a substitute. The Committee filed a report on July 28, 1998 (S. Rept. 105–269). The Chairman’s substitute amendment was passed by the Senate by unanimous consent on July 30, 1998. On October 5, 1998, the House passed S. 314 by voice vote under suspension of the rules. The President signed the bill on October 8, 1998. (Public Law 105–270)

*S. 847—District of Columbia Student Opportunity Scholarship Act of 1997*

The bill authorizes the establishment of a private, nonprofit corporation the District of Columbia Scholarship Corporation to administer, publicize, and evaluate the District of Columbia scholarship program and to determine student and school eligibility for program participation. It establishes the District of Columbia Scholarship Fund, to be administered by the Secretary of the Treasury, through which annual funds shall be provided to the District and used by the Corporation for the program. It also authorizes appropriations to the fund for FY 1998 through 2002.

This bill was introduced on June 5, 1997, by Senators Coats, Lieberman, Brownback, Ashcroft, Coverdell, and Gregg. It was re-introduced as S. 1502 on September 9, 1997, and passed by the Senate without amendment by unanimous consent. S. 1502 passed the House on April 30, 1998, and was vetoed by the President on May 20, 1998.

*S. 1404—Federal Statistical System Act of 1998*

This bill expresses the sense of the Congress that: (1) a more centralized statistical system is integral to efficiency; (2) the Chief Statistician must have the authority, personnel, and other resources necessary to carry out the duties of that office effectively, including duties relating to statistical forms clearance; and (3) statistical forms clearance at the Office of Management and Budget (OMB) should be better distinguished from regulatory forms clearance.

The bill was introduced on November 7, 1997 by Senator Brownback for himself, Chairman Thompson, and Senators Moynihan and Kerrey. On September 25, 1998, the Committee ordered the bill reported favorably with an amendment in the nature of a substitute. The Committee filed a written report on October 6, 1998 (S. Rept. 105-367).

*H.R. 497—A bill to repeal the Federal charter of Group Hospitalization and Medical Services, Inc., and for other purposes (Public Law 105-149)*

This bill amends the Federal charter of Group Hospitalization and Medical Services, Inc., to: (1) permit the corporation to have one class of members consisting of at least one member and not more than 30; and (2) prohibit dissolution of the corporation without congressional approval.

H.R. 497 was passed by the House on February 26, 1997. On November 5, 1997, the Committee ordered the bill reported favorably with an amendment in the nature of a substitute. On November 6, 1997, the Committee reported the bill without a written report. The bill passed the Senate with an amendment by unanimous consent on November 8, 1997. On November 12, 1997, the Senate-passed bill was introduced as H.R. 3025 which was passed by the House under suspension of the rules by voice vote. The Senate passed H.R. 3025 by unanimous consent on November 13, 1997, and it was signed into law on December 16, 1997. (Public Law 105-149)

*H.R. 513—District of Columbia Council Contract Review Reform Act of 1997*

The bill amends the District Self-Government and Governmental Reorganization Act to exempt from review and approval by the District of Columbia Council: (1) contracts entered into by the Washington Convention Center Authority for preconstruction activities, project management, design, or construction; (2) contracts entered into by the District of Columbia Water and Sewer Authority other than contracts for the sale or lease of the Blue Plains Wastewater Treatment Plant; and (3) at its option, contracts for Federal-aid highway improvement projects.

#### IV. OTHER ACTIVITIES

The Subcommittee worked extensively with the District of Columbia to create a better and more livable city for its residents. On June 24, 1998 the Subcommittee held an Adoption Fair for District children who were under the custody of the city's foster care system and were in need of permanent homes and families. The effort to match foster care children with permanent families was a suc-

cess with a total of eight children being joined with eight loving families.

On June 25, 1997 the Subcommittee announced the inclusion of its D.C. tax proposal in the Senate Finance Committee's reconciliation package. The Finance Committee included a zero capital gains tax and a first-time home buyer tax credit for the people of the District of Columbia which were intended to jump start the District's economy and empower its citizens. Joining the Subcommittee for the announcement were Senators Mack and Lieberman and Delegate Norton, whose work on behalf of the legislation dated back to the previous Congress. The Subcommittee also was joined by economists from the Heritage Foundation and Wharton Forecasting Associates, who presented their findings from a detailed analysis of the tax plan and its effects on the city.

In conjunction with the LaShawn General Receiver, the D.C. Inspector General and the Chief Management Officer of the District of Columbia, the Subcommittee was involved with the rectification of abuse problems relating to the District Government's telecommunications policies. The problem has since been remedied.

The Subcommittee also worked with the Executive Branch to ensure that all agencies were run with fiscal prudence and sound management practices. Among these efforts the Subcommittee, in conjunction with the General Accounting Office, closely monitored the Paperwork Reduction Act of 1995 and more specifically, its implementation by the Office of Information and Regulatory Affairs (OIRA). The Subcommittee worked in association with the House of Representatives and the Senate Appropriations Subcommittee on Treasury, Postal Service and General Government to withhold a portion of OIRA's proposed budget until the agency was able to adhere to the mandates placed upon it by the aforementioned Paperwork Reduction Act.

Lastly, the Subcommittee monitored the process under which the Department of Defense attempted to change the long standing military adultery standards. As noted above, the Subcommittee held a hearing regarding this issue and subsequently tracked the progress, including a submission for public comment, on the Notice of Proposed Amendments to the Manual for Courts Martial published in the Federal Register on August 14, 1998. The Subcommittee also monitored what DOD actually took into consideration during the public comment period and what pertinent information may have been omitted.

## PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

CHAIRMAN: SUSAN M. COLLINS

RANKING MINORITY MEMBER: JOHN GLENN

The following is the annual Activities Report of the Permanent Subcommittee on Investigations during the 105th Congress:

## I. HISTORICAL BACKGROUND—50TH ANNIVERSARY OF THE SUBCOMMITTEE

### A. Expansion of Jurisdiction

Although its records and jurisdiction actually predate its authorization, the Permanent Subcommittee on Investigations (Subcommittee) was originally authorized by Senate Resolution 189 on January 28, 1948. At its creation in 1948, the Subcommittee was part of the Committee on Expenditures in the Executive Departments. The Subcommittee's records and broad investigative jurisdiction over government operations and national security issues, however, actually antedate its creation, since it was given custody of the jurisdiction of the former Special Committee to Investigate the National Defense Program (the so-called "War Investigating Committee" or "Truman Committee"), chaired by Senator Harry S. Truman during the Second World War. Today, the Subcommittee is part of the Committee on Governmental Affairs.<sup>1</sup>

The Subcommittee has had eight chairmen: Senators Homer Ferguson of Michigan (1948), Clyde R. Hoey of North Carolina (1949–1952), Joseph R. McCarthy of Wisconsin (1953–1954), John L. McClellan of Arkansas (1955–1972), Henry M. Jackson of Washington (1973–1978), Sam Nunn of Georgia (1979–1980 and 1987–1994), William V. Roth of Delaware (1981–1986 and 1995–1996), and Susan M. Collins of Maine (1997 to present). With Senator Collins' chairmanship, the Subcommittee in some sense came full circle: Its predecessor body, the Truman Committee, had also been chaired by a Republican Senator from Maine, Ralph Owen Brewster.

Until 1957, the Subcommittee's jurisdiction focused principally on waste, inefficiency, impropriety, and alleged illegality in government operations. Its jurisdiction has been expanded considerably since then, however, today encompassing investigations within the broad ambit of the Committee on Governmental Affairs' responsibility for matters relating to the efficiency and economy of operations of all branches of the Government.

The Subcommittee's responsibilities increased in several successive stages. In 1957—based on information developed by the Subcommittee—the Senate passed a resolution establishing a Select Committee on Improper Activities in the Labor or Management Field. Chaired by Senator McClellan, who also chaired the Subcommittee at that time, the Select Committee was composed of eight Senators—four of whom were drawn from the Subcommittee on Investigations and four from the Committee on Labor and Public Welfare. The Select Committee existed for 3 years sharing office space, personnel, and other facilities with the Permanent Subcommittee. Upon its expiration in early 1960, the Select Committee's jurisdiction and files were transferred to the Subcommittee on Investigations, greatly enlarging the latter body's investigative authority in the labor-management area.

The Subcommittee's investigatory jurisdiction expanded further throughout the 1960's. In 1961, for example, it received authority

<sup>1</sup>In 1952, the parent committee's name was changed to the Committee on Government Operations. It was changed again in early 1977, to the Committee on Governmental Affairs, its present title.

to make inquiries into matters pertaining to syndicated or organized crime.<sup>2</sup> In the wake of the riots and other civil disturbances that marked the summer of 1967, the Senate approved a resolution directing the Subcommittee to investigate the causes of this disorder and to recommend corrective action. The Subcommittee acquired its national security mandate in January 1973, when it merged with the National Security Subcommittee. With this merger, the Subcommittee's jurisdiction was broadened to include inquiries concerning the adequacy of national security staffing and procedures, relations with international organizations, technology transfer issues, and related matters. Finally, in 1974—in reaction to the global oil shock and energy shortage precipitated by the Arab-Israeli War of October 1973—the Subcommittee also acquired jurisdiction to investigate government operations involving the control and management of energy resources and supplies.

### B. Past Investigations

Armed with this broad investigatory mandate, the Subcommittee has in recent years conducted investigations into a wide variety of topics of public concern, ranging from child pornography to espionage, including reviews of organized crime activities such as labor racketeering, fraudulent insurance plans, and newly emerging criminal groups. The Subcommittee has also conducted investigations into numerous aspects of the narcotics trade, including money laundering, issues in Federal drug enforcement, and drug abuse. The Subcommittee has also devoted itself particularly to investigating allegations of waste, fraud, and abuse in government programs. Most recently, under Senator Collins' chairmanship, the Subcommittee has focused particularly upon consumer protection issues, addressing problems ranging from the safety of imported foods to issues of Medicare fraud.

The second session of the 105th Congress was a significant one for the Permanent Subcommittee on Investigations, since January 28, 1998 marked the 50th anniversary of the Truman Committee's conversion into a permanent subcommittee of the U.S. Senate.<sup>3</sup> In the half-century of its existence, the Subcommittee's many successes have made clear to the Senate the importance of retaining a standing investigatory organ devoted to keeping government not only efficient and effective, but also honest and accountable.

The Subcommittee's investigatory record as a permanent Senate body began under the chairmanship of Republican Senator Homer Ferguson and his Chief Counsel (and future Secretary of State) William P. Rogers, as the Subcommittee inherited the Truman Committee's role in investigating fraud and waste in U.S. Government operations. This investigative work became particularly colorful under the chairmanship of Senator Clyde Hoey—a North Caro-

<sup>2</sup>It exercised this jurisdiction in 1963, for example, in organizing the famous Valachi hearings described below, in which the Subcommittee examined the inner workings of the Italian Mafia.

<sup>3</sup>This anniversary also marks the first date upon which internal Subcommittee records generally began to become available to the public. Unlike most standing committees of the Senate whose previously unpublished records open after a period of 20 years has elapsed, the Permanent Subcommittee on Investigations, as an investigatory body, may close its records for 50 years to protect personal privacy and the integrity of the investigatory process. With this 50th anniversary, the Subcommittee's earliest records, housed in the Center for Legislative Archives at the National Archives and Records Administration, began to open seriatim. The records of the predecessor committee—the Truman Committee—were opened by Senator Nunn in 1980.

lina Democrat who took the chair from Senator Ferguson after the 1948 elections. The last U.S. Senator to wear a long frock coat and wing-tipped collar, Mr. Hoey was a distinguished southern gentleman of the old school. Under his leadership, the Subcommittee won national attention for its investigation of the so-called "five percenters," notorious Washington lobbyists who charged their clients five percent of the profits from any Federal contracts they obtained on the client's behalf. Given the Subcommittee's jurisdictional inheritance from the Truman Committee, it is perhaps ironic that the "five percenters" investigation raised allegations of bribery and influence-peddling that reached right into the White House and implicated members of President Harry Truman's staff. In any event, the fledgling Subcommittee was off to a rapid start.

What began as colorful soon became contentious. When Republicans returned to the majority in the Senate in 1953, Wisconsin's junior Senator, Joseph R. McCarthy, became the Subcommittee's chairman. Two years earlier, as Ranking Minority Member, McCarthy had arranged for another Republican Senator, Margaret Chase Smith of Maine, to be removed from the Subcommittee. Senator Smith's offense, in McCarthy's eyes, was her issuance of a "Declaration of Conscience" repudiating those who made unfounded charges and used character assassination against their political opponents. Although Senator Smith had carefully declined to name any specific offender, her remarks were universally recognized as criticism of McCarthy's accusations that communists had infiltrated the State Department and other government agencies. McCarthy retaliated by engineering Senator Smith's removal from the Subcommittee, replacing her with the newly-elected Senator from California, Richard M. Nixon.

Upon becoming Subcommittee Chairman, McCarthy staged a series of highly publicized anti-communist investigations, culminating in an inquiry into communism within the U.S. Army, which became known as the Army-McCarthy hearings. During the latter portion of these hearings, in which the parent Committee examined the Wisconsin Senator's attacks on the army, Senator McCarthy recused himself, leaving South Dakota Senator Karl Mundt to serve as Acting Chairman of the Subcommittee. Gavel-to-gavel television coverage of the hearings helped turn the tide against McCarthy by raising public concern about his treatment of witnesses and cavalier use of evidence. In December 1954, in fact, the Senate censured Senator McCarthy for unbecoming conduct; in the following year, the Subcommittee adopted new rules of procedure that better protected the rights of witnesses. It had taken some years, but these developments finally vindicated the courageous stand of Senator Margaret Chase Smith.

In 1955, Senator John McClellan of Arkansas began 18 years of service as Chairman of the Permanent Subcommittee on Investigations. Senator McClellan appointed the young Robert F. Kennedy as the Subcommittee's Chief Counsel. That same year, Members of the Subcommittee were joined by members of the Senate Labor and Public Welfare Committee on a special committee to investigate labor racketeering. Chaired by Senator McClellan and staffed by Kennedy and other Subcommittee staff members, this special committee directed much of its attention to criminal influence over the Teamsters Union, most famously calling Teamsters' leaders Dave



Beck and Jimmy Hoffa to testify. The televised hearings of the special committee also introduced Senators Barry Goldwater and John F. Kennedy to the Nation, as well as leading to passage of the Landrum-Griffin Labor Act. After each day's hearings, moreover, Robert Kennedy and other staff members, including Pierre Salinger and Kenneth O'Donnell, would meet in the Committee's back room to plan strategies for Senator John Kennedy's upcoming 1960 presidential campaign. As Ruth Watt, the Subcommittee's Chief Clerk, observed: "They were running for President in our office after 5 o'clock in the evening." Several of the Subcommittee's staff members would subsequently join the Kennedy Administration.

After the special committee completed its work, the Permanent Subcommittee on Investigations continued to investigate organized crime. In 1962, the Subcommittee held hearings during which Joseph Valachi outlined the activities of La Cosa Nostra, or the Mafia. Former Subcommittee staffer Robert Kennedy—who had by now become Attorney General in his brother's administration—used this information to prosecute prominent mob leaders and their accomplices. The Subcommittee's investigations also led to passage of major legislation against organized crime, most notably the Racketeer Influenced and Corrupt Organizations (RICO) provision of the Crime Control Act of 1970. Under Chairman McClellan, the Subcommittee also investigated fraud in the purchase of military uniforms, corruption in the Department of Agriculture's grain storage program, securities fraud, and civil disorders and acts of terrorism. From 1962 to 1970, the Permanent Subcommittee on Investigations conducted an extensive probe of political interference in the awarding of government contracts for the Pentagon's ill-fated TFX ("tactical fighter, experimental"). In 1968, the Subcommittee also examined charges of corruption in U.S. servicemen's clubs in Vietnam and elsewhere around the world.

In 1973, Senator Henry "Scoop" Jackson, a Democrat from Washington, replaced McClellan as the Subcommittee's chairman. During these years, recalled Chief Clerk Ruth Young Watt—who served in this position from the Subcommittee's founding until her retirement in 1979—Ranking Minority Member Charles Percy, an Illinois Republican, initiated and led many Subcommittee activities, often working closely in this regard with Georgia Democrat Sam Nunn, who subsequently succeeded Senator Jackson as chairman in 1979. As Chairman, Nunn continued the Subcommittee's investigations into the role of organized crime in labor-management relations and also investigated pension frauds.

The regular reversals of political fortunes in the Senate of the 1980's and 1990's saw Senator Nunn trade chairmanship three times with Delaware Republican Senator William Roth. Nunn served from 1979 to 1980 and again from 1987 to 1995, while Senator Roth served from 1981 to 1986, and again from 1995 to 1996. For his part, Senator Roth led a wide range of investigations into commodity investment fraud, off-shore banking schemes, money laundering, and child pornography. Senator Nunn inquired into Federal drug policy, the global spread of chemical and biological weapons, abuses in Federal student aid programs, computer security, airline safety, and health care fraud. Senator Nunn also appointed the Subcommittee's first female counsel, Eleanore Hill, who served as Chief Counsel to the Minority from 1982 to 1986 and

then as Chief Counsel from 1987 to 1995. Ms. Hill subsequently served as Inspector General at the Department of Defense under Defense Secretary—and former Republican Senator from Maine—William Cohen.

In January 1997, Cohen's successor, Republican Senator Susan Collins of Maine, became the first woman to chair the Permanent Subcommittee on Investigations. Senator John Glenn of Ohio became Ranking Minority Member. Senator Collins pledged to continue the Subcommittee's mission of vigilantly exposing government malfeasance, social and economic wrongdoing, and serious violations of the public trust. Her aim was to focus upon problems that affected the American people in their daily lives so that the Subcommittee's work would help and protect the people of Maine and Americans across the Nation. The following pages describe the Subcommittee's work in this regard during the 105th Congress.

## II. SUBCOMMITTEE HEARINGS DURING THE 105TH CONGRESS

### *1. Medicare at Risk: Emerging Fraud in Medicare Programs (June 26, 1997)*

In keeping with Senator Collins' emphasis upon protecting ordinary citizens from fraud, the Subcommittee began the 105th Congress with a hearing in June 1997 pertaining to emerging fraud in the Medicare program. This hearing focused upon the problems of preventing fraud in the enormous—and hugely important—health care industry.

It is, of course, no overstatement to say that America's vital health care industry is an economic behemoth; by some estimates, combined private and public expenditures on health care constitute 13.6 percent of America's gross domestic product in 1995 dollars, and this figure is growing. These spiraling costs are unlikely to abate because the average age in this country continues to rise. The Nation's largest health care payor is a public entity, the Medicare program. Unfortunately, however, the Medicare program has borne the dubious distinction of appearing on the U.S. General Accounting Office (GAO) list of government programs "highly vulnerable to waste, fraud, abuse and mismanagement" every year since 1992.

As a result of these program vulnerabilities—and the great sums of money spent under the Medicare program—the Subcommittee commenced an investigation into Medicare waste, fraud, and abuse in May 1997. The aim of this inquiry was both to help protect the taxpayer from those unscrupulous individuals who steal billions of dollars from Medicare and to protect the elderly and disabled Americans who rely on this important program for their health care needs.

On June 26, the Subcommittee conducted its first public hearing on this topic. Among the witnesses testifying were Leslie Aronvitz, Associate Director of Health Financing and Systems Issues at the GAO, a recognized expert in health care fraud issues; Bruce C. Vladeck, HCFA's Administrator; Professor Pamela H. Bucy, Bainbridge Professor of Law at the University of Alabama Law School, a well-known expert in the area and a former Assistant U.S. Attorney; Michael F. Mangano, Principal Deputy Inspector General of the Department of Health and Human Services; and Charles L.

Owens, Chief of the FBI's Financial Crimes Section. These witnesses testified that waste, fraud, and abuse occur throughout the health care industry, including the areas of home health care, medical equipment and supplies, nursing homes, laboratory services, hospitals, and managed care. The Subcommittee also heard testimony from Senators Charles E. Grassley and Tom Harkin of Iowa.

The Subcommittee also heard testimony about some of the fraudulent schemes that have been used to take advantage of the Medicare program. Perpetrators of such schemes included the owner of a Florida home health care agency who billed Medicare \$84,000 for gourmet popcorn, \$140,000 for an airplane, \$14,000 in company-logo emery boards, and \$5,000 to lease a BMW for the owner's son. Another example involved the chief financial officer of ABC Home Health Services, Inc.—one of the country's largest home health care chains—who was convicted of billing Medicare for more than \$14 million in false expenses, including jewelry and a luxury beach house.

## *2. Fraud in Micro-Capital Markets Including Penny Stock Fraud (September 22, 1997)*

The Subcommittee's investigations continued in 1997 by building upon the Subcommittee's long tradition of investigating securities frauds directed at small investors. After published reports suggested that investors may lose as much as \$6 billion each year due to fraud in so-called "penny stocks," the Subcommittee launched an investigation of securities fraud into the micro-capital ("micro-cap") markets. This new investigation focused upon small companies with relatively low market values, including (but not limited to) penny stocks.

The Subcommittee staff found that the explosion in the U.S. stock market that occurred during the mid-1990's brought with it a sharp increase in securities sales fraud and stock price manipulation schemes. Rogue brokers, they found, played upon investors' impressions about the successes of legitimate market offerings in misrepresenting the potential of their wares in high-pressured "cold-call" presentations built around false or exaggerated information. In addition to coercive cold-calling and spreading false information, rogue broker "boiler rooms" also used numerous other tactics to manipulate stock prices. These tactics included making unauthorized purchases in consumers' accounts, refusing to execute sell orders in order to maintain a stock's upward momentum, using unlicensed cold-callers who were paid "under the table" for making sales, and actually bribing brokers to recommend particular stocks to unsuspecting consumers.

In its hearing on this subject on September 22, 1997, the Subcommittee heard from a panel of three victims—Helen Sprecher, Louis Poggi, and Emile Murnan—who had been coerced into disastrous purchases by high-pressure "boiler room" cold-callers. After aggressively pursuing and convincing the victims to purchase stocks from them, these rogue brokers swindled the victims out of thousands of dollars by lying to them and performing unauthorized trades in their accounts.

Several witnesses from the industry's regulatory agencies also provided testimony for the Subcommittee. These included Arthur Levitt, Jr., Chairman of the U.S. Securities and Exchange Commis-

sion; Joseph P. Borg, Director of the Alabama Securities Commission; and Barry R. Goldsmith, Executive Vice President of NASD Regulation, Inc. These witnesses described the extent of micro-cap stock fraud problems currently affecting the industry, and suggested how such schemes might be brought under control. In their view, prevention strategies, tougher civil and criminal enforcement efforts, and a series of new regulatory initiatives should be examined to control the micro-cap stock fraud problem. The aim of such a regulatory program would be to strike the necessary balance—controlling fraud without damaging the legitimate securities market that sustains many small businesses in this country.

*3. Oversight Review of the Treasury Department's Inspector General (October 31 and November 3, 1997)*

In May 1997, the Subcommittee began an investigation of published allegations against the Department of the Treasury's Office of Inspector General (OIG). These allegations concerned the OIG's contracting practices with respect to two consulting contracts. The GAO's Office of Special Investigations (OSI) assisted the Subcommittee in conducting its review of the Treasury OIG's contracting practices. The Subcommittee's inquiry also examined events surrounding the OIG's investigation of testimony provided by two career Secret Service special agents at a July 1996 hearing before the House Government Reform and Oversight Committee regarding the FBI "Filegate" matter.

After a 5-month investigation, the Subcommittee held hearings on October 31 and November 3, 1997. At the first hearing, the Subcommittee heard testimony from three GAO representatives—Robert P. Murphy, General Counsel; Donald J. Wheeler, OSI's Deputy Director; and Theodore Barreaux, Associate Director of the Accounting and Information Management Division—as well as from Valerie Lau, the Treasury Department's Inspector General. At the second hearing, the Subcommittee heard testimony from Richard J. Gallo, President of the Federal Law Enforcement Officers Association, and from three representatives from the Treasury's OIG: James M. Cottos, Senior Technical Advisor to the Inspector General; Emily P. Coleman, Special Agent-in-Charge of the Eastern Region; and Inspector General Lau.

The Subcommittee was gravely concerned about the problems it found at the Treasury OIG. As Senator Collins put it, the Subcommittee's findings of misconduct were "troubling, not only because they involve the waste of government resources and mismanagement of a Federal office, but also because they involve an Inspector General, the very person charged with protecting the public from waste, fraud and abuse."

Inspector General Lau announced her resignation on January 16, 1998.

*4. Medicare Fraud Prevention: Improving the Medicare Enrollment Process (January 29, 1998)*

The Subcommittee's investigation into Medicare fraud continued in the wake of its June 26, 1997 hearing, focusing upon several weaknesses this inquiry revealed in the procedures and processes used to enroll Medicare providers. These weaknesses have allowed numerous individuals or entities, with little or no experience as

health care providers, to enter the Medicare program and thereby to steal millions of dollars from the Nation's taxpayers. The Subcommittee's hearing on this subject, on January 29, 1998, revealed that there existed essentially no screening process for those applying to become Medicare providers. Indeed, despite the high financial and public health stakes involved, it was much easier to obtain a Medicare provider number than to obtain a liquor license.

Witnesses at the Subcommittee's January 1998 hearing included one such Medicare criminal, who wished to have his identity concealed. Mr. Smith—a pseudonym—had stolen approximately \$32 million from the Medicare program until being caught and convicted.<sup>4</sup> He testified that it had been very easy for him to obtain his Medicare provider number: He simply filled out an application, mailed it to the appropriate office, and was thereafter simply given a provider number over the telephone. No one ever scrutinized his application or performed a site visit to verify that his business actually existed. After receiving the provider number, Smith paid recruiters to acquire Medicare beneficiary numbers, with which he billed Medicare month after month, ostensibly for supplying nutritional supplements to the elderly—supplements which he never actually provided. Through such fraud, he received between \$180,000 to \$200,000 in Medicare payments every month. Smith told the Subcommittee that he and his criminal colleagues considered Medicare to be a gold mine, adding that the government had made it easy for him to rob the taxpayer by not bothering to require that he produce any documents in support of the false bills he submitted to Medicare.

In addition to Smith, the Subcommittee also heard from several expert investigators with experience in Medicare fraud issues. These included John M. Frazzini, a former Subcommittee investigator; John E. Hartwig, Deputy Inspector General for Investigations at HHS's Office of Investigations (OI); Cathy E. Colton, Supervisory Special Agent of OI's Miami Sub-Office; H. Donna Dymon, Ph.D., former California Team Leader of HCFA's anti-fraud initiative, Operation Restore Trust (ORT); Dewey Price, ORT's South Florida Team Leader; and Susan A. Frisco, a Special Agent from the New York Field Office of the HHS Office of Inspector General.

#### *5. Fraud on the Internet: Scams Affecting Consumers (February 10, 1998)*

With a large and growing number of American households with access to the Internet through personal computers, the use of the Internet for consumer purchases, banking, and other electronic commerce is increasing rapidly. With this growth in commerce, however, comes the risk of new kinds of fraud. Credit card fraud has already been identified by law enforcement agencies as a major problem in Internet commerce, and new types of Internet-related crime have been proliferating. Financial institutions and other businesses with on-line financial services, for example, have been affected by unauthorized criminal intrusions into their systems. According to published reports, "electronic bank robberies" net on av-

<sup>4</sup> Concealing his identity by testifying from behind a screen, this convicted felon told the Subcommittee that "this is a dangerous world and I sincerely fear for my safety."

erage approximately \$250,000, and only 2 percent of those “cyber-crimes” are ever detected and investigated, let alone solved. Such statistics compare alarmingly to conventional bank robberies, which net on average approximately \$7,500—and with 80 percent of the robbers eventually being apprehended.

Concerned about Americans’ vulnerability to Internet-related fraud, the Subcommittee began an investigation into the extent to which such criminal activities affect commerce on the Internet. The Subcommittee’s first hearing on this subject occurred on February 10, 1998, and focused upon traditional types of fraud perpetrated over the Internet. At this hearing, the Subcommittee heard testimony from Susan Grant, Director of the National Fraud Information Center and Vice President for Public Policy at the National Consumers’ League; Tatiana Gau, Vice President for Integrity Assurance at America Online, the world’s largest Internet provider; Barry Wise, C.P.A., a victim of Internet fraud; and Hon. Robert Pitofsky, Chairman of the Federal Trade Commission.

The outcome of the hearing determined that more consumer education was required so that consumers could distinguish more easily between fraudulent and genuine offers on the Internet without stifling legitimate commerce. The hearing also determined that consumer complaints regarding Internet fraud need to be vigorously pursued by the appropriate authorities and that these agencies have the resources that are required to do the job.

*6. Unauthorized Long Distance Switching “Slamming” (February 18, 1998—Field Hearing in Portland, Maine)*

In 1996, the Federal Communications Commission (FCC) received over 16,000 complaints from consumers about telephone “slamming”—the unauthorized switching, by a long distance carrier, of a consumer’s long distance service—making this the number one consumer complaint to the FCC. The FCC, which is responsible for investigating complaints of telephone slamming, has adopted regulations against slamming and taken numerous actions against companies that engage in this practice. Nevertheless, despite current regulations prohibiting slamming, it continues to be used by long distance carriers against unwitting consumers. Concerned at the scope of this continuing problem, the Subcommittee began an investigation into the prevalence of telephone slamming, the adequacy of current regulations, and FCC enforcement to prevent this insidious practice.

The Subcommittee held a field hearing concerning telephone slamming on February 18, 1998 in Portland, Maine. During this hearing, Maine consumers victimized by slamming practices explained how some long distance companies used fraudulent or deceptive practices to change their telephone service without their knowledge or approval. Witnesses at this hearing included the Hon. Susan Ness, FCC Commissioner; Daniel Breton, Director of Governmental Affairs for Bell Atlantic; Susan Grant, Vice President for Public Policy of the National Consumers’ League; and three victims of telephone slamming practices—Susan Deblois of Wintthrop, Maine; Pamela Corrigan of West Farmington, Maine; and Steve Klein of Portland, Maine.

This hearing showed how some long distance companies used fraudulent practices to change their telephone service. Witnesses

used words such as “stealing,” “criminal,” and “break-in” to describe practices employed by unscrupulous telephone companies to pick up customers and boost profits.

Pamela Corrigan testified that she was sent an unsolicited “welcome package” in the mail, which looked like the stacks of junk mail that consumers receive every day. However, this “junk mail” was not what it appeared to be. This “welcome package” automatically signed her up for a new long distance service unless she returned a card rejecting the change. She was amazed and appalled that it was possible for a company to change her long distance service simply because she did not respond that she did not want their service. Susan Deblois testified that, when she was slammed, her children were unable to use the 800 number she had for them to call home in case of an emergency.

The hearing also illustrated how slamming not only affects families but also small businesses and communities. For example, Steve Klein, the owner of Mermaid Transportation Company in Portland, Maine, testified that his business phone lines, which are critical to his livelihood, were tied up for 4 days when he was slammed by a long-distance telephone reseller which falsely represented itself as AT&T. Similarly, Ms. Corrigan, who is the town manager of Farmington, Maine, reported that the town’s phone lines were also slammed. It became clear from the hearing that no one is immune from this illegal activity.

Also, at this hearing, FCC Commissioner Susan Ness testified about the FCC’s efforts to control slamming. The Commissioner acknowledged that the FCC really does not know how many of the 50 million carrier selection changes each year result in slamming, since many slammed consumers resolve the problem without bringing it to the FCC. However, the Commissioner did offer the conservative estimate that, if just one percent of the carrier changes made each year are the result of unauthorized changes in service, over 500,000 households are slammed each year.

The hearing also made it clear that the FCC must step up its enforcement efforts against slammers. Senator Collins pointed out to the FCC that the States are much more aggressive than the FCC in taking enforcement actions against slammers. The FCC Commissioner agreed that the relatively small fines imposed on slammers by the FCC might be considered by the company as just the cost of doing business, rather than a real deterrent to slamming. In addition, the Commissioner agreed that the FCC could increase its enforcement against slammers and that establishing criminal penalties for slamming would help to reduce the problem.

#### *7. The Exploding Problem of Telephone Slamming in America (April 23, 1998)*

Building upon the record established in its Portland field hearing in February, the Subcommittee held a second hearing on telephone slamming on April 23, 1998. At this hearing, GAO investigators presented the results of a case study they had undertaken at the Subcommittee’s request, and Members discussed its findings with the head of the FCC. The GAO study focused upon one particular long distance telephone company and revealed that this company apparently slammed over 500,000 consumers at one time, billed consumers over \$20 million, and left unpaid bills to long distance

carriers of nearly \$4 million—all while successfully eluding Federal officials. The Subcommittee heard testimony at this hearing from the Hon. William E. Kennard, Chairman of the FCC, and from Eljay B. Bowron, Assistant Comptroller General for Special Investigations at GAO.

Mr. Bowron testified that long distance companies engage in slamming because there is a financial incentive to do so and that it is easy for fraudulent individuals to enter the long distance market because there are no controls in place at the FCC to screen potential providers. As part of its investigation, GAO investigators filed fictitious information with the FCC without any difficulty that gave the investigators authority to “resell” long distance services. This authority gives the applicant the ability to enter the long distance market and slam consumers with little chance of being caught. In addition, to illustrate how an entity engages in slamming, Mr. Bowron presented a case study of Daniel Fletcher, an individual who operated as a long distance reseller under at least eight different company names, slamming thousands of consumers. According to the findings in the GAO report, Mr. Fletcher slammed or attempted to slam over 500,000 consumers, billed consumers for at least \$20 million in long distance charges, and left at least \$3.8 million in unpaid bills to telecommunications industry firms. Furthermore, Mr. Bowron testified that the FCC took over 2 years to take final action against the Fletcher companies and has been unable to locate Mr. Fletcher.

Chairman Kennard testified that current FCC rules do not do enough to protect consumers against slamming and that tougher rules are needed take the profit out of slamming. The Chairman explained that the FCC has proposed new rules to improve its ability to protect consumers from this fraudulent practice. However, the new rules had not yet been adopted by the FCC. The Chairman also testified that the FCC took the unprecedented action of revoking the operating authority of the Fletcher companies on April 21, 1998, and fined these companies \$5.7 million.

The Subcommittee learned that billing practices in the telecommunications industry allow long distance companies to use misleading company names that are difficult for consumers to identify on their phone bills, and that the States have been much more aggressive than the FCC in taking enforcement action against companies that repeatedly slam consumers.

#### *8. The Safety of Food Imports—An Overview (Part I) (May 14, 1998)*

In June 1997, the Subcommittee began an in-depth investigation into the safety of food imported into the United States. According to the GAO, there are an estimated 81 million cases of food borne illnesses and as many as 9,100 related deaths each year. The two Federal agencies that are primarily responsible for monitoring food imports are the Agriculture Department’s Food Safety and Inspection Service (FSIS) and the HHS’s Food and Drug Administration (FDA). The FSIS inspects domestic and imported meat, poultry, and eggs to ensure safety, wholesomeness, and accurate labeling while the FDA inspects all other domestic and imported food products. Food imports to the United States have increased dramatically in recent years, and the FSIS and FDA have not kept up. Today, they inspect a smaller proportion of food products than ever.



Concerned at the possibility that this dynamic might be putting American consumers increasingly at risk, the Subcommittee's inquiry aimed to determine: (i) the extent to which some imported food poses health risks to U.S. consumers; (ii) whether Federal agencies effectively and efficiently use their existing resources; and (iii) whether the Nation's food safety system is adequate to prevent unsafe food from entering the United States. Chairman Collins requested that GAO assist the Subcommittee in its investigation by conducting a review of the adequacy of the procedures used to ensure the safety of food imports, specifically focusing on the processes used by Federal agencies to monitor fruit and vegetable imports—the fastest growing sector of imported food products.

The Subcommittee held the first of its four public hearings on the safety of food imports on May 14, 1998. The Subcommittee heard testimony from Dr. Mary Ellen Camire, Department of Food Science and Human Nutrition at the University of Maine; Robert E. Robertson, Associate Director for Food and Agricultural Issues at the GAO; and Reggie Jang, a former Consumer Safety Inspector for the Food and Drug Administration. Dr. Camire testified that preventative measures at the (foreign) farm level are very important because border inspection procedures involve testing relatively few shipments of imported food and extensive microbiological and chemical testing of all imports is not feasible. Mr. Robertson, Associate Director, Food and Agriculture Issues for the GAO discussed the key findings of the year-long GAO review requested by Chairman Collins: (1) limitations in FDA's authority make it unnecessarily difficult to ensure food safety; (2) FDA's and FSIS' procedures for selecting shipments to review result in the ineffective targeting of inspection resources; and (3) weaknesses in FDA and Customs controls allow unscrupulous importers to market unsafe products. Finally, Mr. Jang described techniques used by unscrupulous importers to circumvent current import procedures.

*9. The Safety of Food Imports: From Farm to the Table—A Case Study of Tainted Imported Fruit (Part II) (July 9, 1998)*

The Subcommittee held its second hearing on the safety of food imports in July 1998. During this hearing, the witnesses laid out a case study of tainted imported fresh fruit “from the farm to the table,” focusing on contamination problems with such imports and how the Centers for Disease Control (CDC) and other public health agencies investigate outbreaks of foodborne illness. The first witness was Dr. Stephanie A. Smith, a food scientist and Subcommittee investigator who traveled to Guatemala to observe first-hand the production and export of fresh raspberries. The Subcommittee also heard from Dr. Jeffery Foran, an environmental scientist and a consumer who contracted a *Cyclospora* infection after eating contaminated raspberries. The final witness, Dr. Stephen Ostroff, the Associate Director for Epidemiologic Science of the CDC's National Center for Infectious Diseases, provided an overview of CDC's foodborne disease surveillance systems and described the process of outbreak investigation and “traceback” to the source of contamination.

10. *"Cramming"—An Emerging Telephone Billing Fraud (July 23, 1998)*

Like telephone "slamming," another emerging consumer fraud examined by the Subcommittee during the 105th Congress is the practice of telephone "cramming"—the billing of unauthorized charges on a consumer's telephone bill. At the Subcommittee's cramming hearing on July 23, 1998, Members heard testimony from: Susan Grant, Vice President for Public Policy at the National Consumers' League; Lawrence E. Strickling, Deputy Chief of the FCC's Common Carrier Bureau; Eileen Harrington, Assistant Director for Marketing Practices at the Federal Trade Commission's Bureau of Consumer Protection; and Roy M. Neel, President and Chief Executive Officer of the U.S. Telephone Association.

This hearing was designed to raise consumer awareness and determine what was being done to control the emerging problem of telephone "cramming". The hearing highlighted the scope and nature of cramming, educated consumers about cramming, determined what was being done to control the practice, and explored further regulatory and legislative remedies that could be implemented to stop cramming.

Susan Grant, from the National Consumer's League, discussed consumer complaints about cramming, what consumers can do to protect themselves from unauthorized charges, and what changes need to be made in telephone billing practices to control cramming. Roy Neel, from USTA, discussed the telephone billing industry's efforts to control cramming, focusing on the anti-cramming guidelines that were developed by key representatives of the industry. Larry Strickling, Deputy Chief of the FCC's Common Carrier Bureau (the Bureau responsible for telephone regulations and enforcement), discussed FCC's anti-cramming efforts, including consumer awareness programs, pending enforcement actions, and efforts to encourage industry guidelines to prevent cramming. Eileen Harrington, Associate Director for Marketing Practices, discussed FTC's efforts to stop cramming, including consumer awareness and enforcement actions. She also discussed additional legislative changes that may be required to enable FTC to take enforcement actions against all companies, including telecommunications carriers.

11. *The Safety of Food Imports—Fraud and Deception in the Food Import Process (Part III) (September 10, 1998) (Combined with Part IV, September 24 and 25, 1998)*

In September 1998, the Subcommittee held its third hearing on the safety of imported food. This hearing examined the specific ways in which unscrupulous importers exploit weaknesses in the U.S. food safety system. The witnesses at this hearing were Lawrence J. Dyckman, Director for Food and Agriculture Issues at the GAO; Keith Oleson, GAO's Assistant Director for Food and Agriculture Issues; Dennis Richards, a GAO investigator; Richard J. Hoglund, Deputy Assistant Commissioner for the U.S. Customs Service's Office of Investigations; Philip Metzger, Director of the Customs Service's Trade Compliance Team; and "Mr. Broker" (a pseudonym), a former customer broker now serving as a confidential informant.

The GAO witnesses testified that importers' ability to retain custody over food products even during the inspection process made it much easier for unscrupulous operators to bring unsafe goods into the United States, that shipments rejected by inspectors are not marked to show such rejection (thereby making it easier to bring them in through another port of entry), that Customs and FDA seldom coordinated their efforts to prevent unsafe imports, and that current penalties were not effective deterrents. The GAO officials also detailed seven recent Customs Service investigations into the devices used by unscrupulous importers to bring tainted food products into the country, after which "Mr. Broker" described his experiences with such schemes.

*12. National Cancer Institute's Management of Radiation Studies (September 16, 1998)*

The Subcommittee's next hearing focused upon the handling of an important study of radiation risks by the National Cancer Institute (NCI). In 1983, Congress required HHS to conduct a study to determine exposures and doses resulting from the release of radioactive iodine (I-131) from U.S. atmospheric nuclear weapons testing at the Nevada Test site between the mid-1940's and the early 1960's, and assess the risk of thyroid cancer associated with doses of I-131. NCI did not issue this study until fully 14 years later, on October 1, 1997—even though the report had essentially been completed as early as 1992. Furthermore, even when it was finally issued, the report did not fully comply with the requirements set forth by Congress in that it neglected to discuss any increased public risk of thyroid cancer from I-131.

Led by investigators from the Minority Staff, the Subcommittee conducted an inquiry into NCI's management of this study. Witnesses at the NCI hearing included: Senator Tom Harkin of Iowa; Dr. Owen Hoffman, President of Senes Oak Ridge, Inc.; Dr. Barry L. Johnson, Assistant Administrator of the Agency for Toxic Substances and Disease Registry at HHS; Dr. Bruce Wachholz, Chief of the Radiation Effects Branch of NCI; Dr. William F. Raub, Deputy Assistant Secretary for Science Policy at HHS; and Dr. Richard Klausner, NCI's director.

The Subcommittee's hearing focused on accusations of mismanagement in NCI's handling of this important study, and the resulting delay in informing the American public about how it may have been affected by nuclear fallout. NCI witnesses acknowledged that the I-131 report should indeed have been released earlier, attributing some of NCI's inattention to the mistaken belief that the public did not have a strong interest in the results of the study. In light of these problems, the hearing also addressed alleged NCI mismanagement of two similar ongoing studies, including one addressing the health effects of the nuclear accident at Chernobyl in the former Soviet Union in 1986. Of particular concern was HHS' lack of department-wide policies or guidelines to govern the conduct of radiation health effects research, even though its agencies perform many of those studies for the government. Witness testimony also explored the differing approaches to health effects research taken by various agencies within HHS. HHS officials, in turn, pledged to review the practices and procedures for such dose

reconstruction studies at NCI and CDC and to arrange an independent review of ongoing projects.<sup>5</sup>

*13. Improving the Safety of Food Imports (Part IV) (September 24–25, 1998) (Combined with Part III, September 10 1998)*

The Subcommittee held 2 more days of hearings on the safety of imported food in September 1998. These hearings focused upon possible legislative, administrative, and regulatory remedies for the weaknesses in the U.S. food safety system identified during the course of the Subcommittee's investigation. Witnesses at the hearing were: Senators Paul Coverdell of Georgia, Edward Kennedy of Massachusetts, Barbara Mikulski of Maryland, and Tom Harkin of Iowa; William Schultz, Deputy Commissioner for Policy at the FDA; Thomas J. Billy, Administrator of the Department of Agriculture's Food Safety and Inspection Service (FSIS); Raymond W. Kelly, Commissioner of the U.S. Customs Service; and Dr. Sanford A. Miller of the National Academy of Sciences' Committee to Ensure Safe Food. The Subcommittee also heard from Timothy M. Hammonds, President and Chief Executive Officer of the Food Marketing Institute; Dr. Stacey A. Zawel, Director for Scientific and Regulatory Affairs at the Grocery Manufacturers of America; Dane T. Bernard, Vice President for Food Safety Programs at the National Food Processors Association; Dr. Nancy Nagle, Senior Advisor for Food Safety at the United Fresh Fruit and Vegetable Association; Dr. Richard Levinson, Associate Executive Director for Programs and Policy at the American Public Health Association; Carol Tucker Foreman, Coordinator of the Safe Food Coalition; Dr. Ruth Kava, Director of Nutrition at the American Council on Science and Health; and Robert Hahn, Director for Legal Affairs and Research at Public Voice for Food and Health Policy.

While there was no overriding consensus among the 16 witnesses, some of the recommendations provided were shared across witness categories. For example, both the industry and consumer organizations want increased funding for research and consumer education. Both the industry groups and the agencies recognize the need for enhanced coordination between the FDA and the U.S. Customs Service. Both the consumer groups and the FDA want Congress to grant FDA equivalency authority. Two additional statements of interest were provided. First, both the United Fresh Fruit and Vegetable Association and the Grocery Manufacturers Association want the United States to more aggressively participate in international standard-setting activities, specifically Codex Alimentarius. Second, the Food Marketing Institute suggested creation of a revenue-neutral cross-utilization plan to permit FSIS and FDA to share both financial and human resources.

*14. Medicare Fraud Prevention and Enforcement Efforts (December 9, 1998—Field Hearing in Chicago, Illinois)*

Building upon its previous investigation and hearings into Medicare fraud, the Subcommittee held a field hearing on this subject

<sup>5</sup> After the Subcommittee hearing, Congress gave CDC an additional \$1.85 million to conduct a broader study of the health consequences of nuclear weapons tests. See H.R. 4328 (Omnibus Consolidated and Emergency Supplemental Appropriations Bill for Fiscal Year 1999). This bill also required HHS to conduct a review of NCI's Chernobyl study and to inform Congress of its plans and recommendations for the development and implementation of guidelines and policies to govern radiation health studies in the future.

in Chicago, Illinois in December 1998. This hearing examined some recent successful Medicare fraud prevention and enforcement efforts, particularly Operation Restore Trust (ORT) and a local senior citizen outreach and education program in Illinois. ORT was a major 2-year effort launched by HHS' Office of Inspector General (HHS-OIG) in May 1995, which focused on five States—California, Florida, New York, Texas, and Illinois—that contain 40 percent of Medicare beneficiaries. The project targeted three areas the HHS-OIG had identified with systemic health care fraud: Home health agencies, nursing homes, and durable medical equipment suppliers. The hearing also examined the congressionally-authorized Health Care Anti-Fraud, Waste and Abuse Community Volunteer Demonstration Program, which recruited and trained retired professionals to serve as local, volunteer resources, and educators—also enlisting them in identifying and reporting health care fraud and abuse.

At this Chicago field hearing, the Subcommittee heard testimony from: Dorothy Collins, Regional Administrator of HCFA; James A. Kopf, Director of HHS-OIG's Criminal Investigations Division Office; Barbara Coyle, a volunteer with the Suburban Area Agency on Aging in Oak Park, Illinois; and Jonathan Lavin, Executive Director of the Suburban Area Agency on Aging. Testimony revealed that Federal taxpayers were often billed for home health services that were either overused, not medically necessary, or not actually covered by Medicare. The Subcommittee found that ORT, however, had great success in combating such fraud, and that the retired volunteers recruited by the demonstration program were proving to be an important bulwark in the fight to identify and stop such schemes and to educate health care consumers about such issues.

### III. LEGISLATIVE ACTIVITIES DURING THE 105TH CONGRESS

The Permanent Subcommittee on Investigations does not have legislative authority, but because its investigations play an important role in bringing issues to the attention of Congress and the public, the Subcommittee's work frequently contributes to the development of significant legislative initiatives. The Subcommittee's activities during the 105th Congress were no exception, with Subcommittee hearings and Members playing prominent roles in the development of a number of legislative initiatives.

#### *S. 1740—Slamming Protection Act of 1998*

Sparked by the findings of the Subcommittee's investigation into American consumers' growing problems with telephone "slamming"—the unauthorized switching of telephone service subscribers from one telecommunications carrier to another—Senators Collins and Durbin introduced a bill to amend the Communications Act of 1934 to improve Federal safeguards against such practices. Portions of this legislation were included in legislation introduced by Senator McCain, chairman of the Commerce Committee, which passed the Senate by a vote of 99 to 0 on May 12, 1998. This bill did not become law by the close of the 105th Congress, however, because agreement could not be reached in conference after the House passed a less encompassing slamming bill.

The Collins/Durbin provisions would have established new criminal penalties for intentional slamming, the same as those for any

other Federal crime: A maximum of \$100,000 and 1 year imprisonment for a misdemeanor, and \$250,000 and 5 years imprisonment for a felony. In addition, anyone convicted of intentional slamming would be disqualified from being a telecommunications service provider. This would provide an additional enforcement tool against those individuals that engage in the most egregious of slamming violations, and would not prevent the Federal Government from using any other civil or criminal remedy to stop those who intentionally defraud consumers by slamming.

Second, the provisions would increase consumer protection and give control back to consumers by taking the financial incentive away from companies that engage in slamming. Rather than paying the slamming company, consumers could pay their original carrier at their previous rate. This is a more reasonable approach to removing the financial incentive for slamming than absolving subscribers of any liability for telephone charges when they are slammed, as was proposed by the FCC Chairman, William Kennard.

Finally, the Collins/Durbin provisions encouraged better FCC enforcement against slamming by requiring all telecommunications carriers to report slamming violations, on a quarterly basis, to the FCC in a summary report. Currently, there is no central repository for slamming complaints, and the FCC must rely on consumers to write or call the FCC to report a slamming incident. A universal reporting requirement would increase the FCC's ability to learn which carriers are engaging in widespread slamming and take immediate enforcement action against them.

#### *S. 2167—Inspector General Act Amendments of 1998*

As an outgrowth of the Subcommittee's hearings on problems in the office of the Treasury Department's Inspector General, Senators Collins and Grassley introduced a bill to improve the accountability and efficiency of Offices of Inspector General (OIGs) throughout the Federal system. This bill proposed amendments to the Inspector General Act that would: (i) establish a 9-year renewable term of office for presidentially-appointed Inspectors General; (ii) require that all OIGs undergo an external review, not less than every 3 years, to evaluate their management and controls of contracts, appropriated funds, and personnel actions; (iii) require OIGs to submit annual (rather than semiannual) reports to Congress; (iv) increase an Inspectors General's annual salary from \$118,400 (Executive Level 4) to \$125,900 (Executive Level 3); and (v) consolidate selected smaller OIGs into larger, more efficient, department-wide offices. The bill did not become law by the close of the 105th Congress, but Chairman Collins intended to reintroduce a second version of the bill in the 106th Congress.

#### *S. Amdt. 934—Oversight of Treasury Department Inspector General*

In legislative action also growing out of the Subcommittee's investigation into abuses by the Treasury OIG, Senators Collins, Shelby and Grassley introduced an amendment to prohibit the Treasury Department's Inspector General from spending any funds on consulting contracts and to make a corresponding reduction in the Inspector General's budget by \$1 million. This amendment was necessary because the Subcommittee's investigation revealed clear

and credible evidence that the Inspector General had abused her contracting authority by spending taxpayer dollars on management studies of doubtful value and excessive cost. The amendment was later adopted as part of the Treasury, Postal Service, and General Government Appropriations Act (Public Law 105–61).

#### IV. GAO REPORTS AND COMMITTEE PRINT

In connection with its investigations into the above topics, the Subcommittee made extensive use of the resources and expertise of the General Accounting Office, the various U.S. Government Inspectors General, and other entities. In the process, the Subcommittee requested a number of reports and studies on issues of great importance to Congress and to U.S. consumers. Among these reports were the following:

*Inspectors General: Contracting Actions By Treasury Office of Inspector General (General Accounting Office, October 1997)*

In May 1997, after allegations had been raised of misconduct against the Treasury Department's Inspector General, Chairman Collins requested that GAO's Office of Special Investigations assist the Subcommittee in determining the facts and circumstances surrounding the events at issue. Specifically, Chairman Collins requested that GAO examine the Department of Treasury's award, without full and open competition, (a) of a sole-source contract to Sato and Associates for a management study of the Treasury Department's OIG and (b) of a consulting services contract to Kathie M. Libby.

GAO reported that, shortly after Inspector General Valerie Lau's confirmation, she notified the Treasury's Procurement Services Division that she wanted Frank Sato—an old personal friend—to perform a management review. The Procurement Division subsequently awarded a sole-source management study to Sato and Associates on the basis of "unusual and compelling urgency." Although Inspector General Lau stated that the need to limit competition was urgent because of the need to make reassignments in the senior executive ranks and to marshal the resources needed to conduct audits, GAO found that there was insufficient urgency to justify limiting competition in this fashion. GAO also reported that the price of the Sato and Associates contract for the Treasury OIG effort appeared to be artificially high, especially in light of the fact that the same firm had performed a similar review of the Department of Interior OIG for approximately \$62,000 less.

In September 1995, the Procurement Division also awarded a time-and-materials consulting services contract to Kathie M. Libby—doing business as KLS—to review and analyze an Office of Personnel Management (OPM) report on morale and diversity problems in the OIG office and assist OIG managers and staff concerning goals identified in the OPM study. The contract was also awarded with only very limited competition on the basis of "unusual and compelling urgency." GAO reported that the justification for limiting competition was unreasonable in this case as well, since delay would not have prevented Inspector General Lau from addressing the problems in question. In addition, GAO identified a pattern of careless management in the procurement process and in oversight of performance under the KLS contract; this careless

management resulted in a four-fold increase in the contract's total price and required a 1-year extension to the contract's performance period. Finally, GAO found that KLS received payments for work that had not been authorized.

*Oversight Review of the Office of Inspector General, U.S. Department of The Treasury (S. Prt. 105-42, January 30, 1998)*

After a 5-month investigation and 2 days of hearings examining management problems at the Treasury OIG, the Subcommittee concluded that substantial evidence suggested that the office had violated Federal laws in the sole-source procurement of its consulting contracts with Sato and Associates and KLS. Specifically, the Subcommittee concluded that there was insufficient urgency for the OIG to award the Sato and Associates contract on a sole-source basis, making this award a violation of applicable procurement statutes and regulations. The OIG, the Subcommittee found, also violated applicable statutes and regulations by failing to request offers from as many potential sources as practicable under the circumstances. Inspector General Lau was aware, for example, of at least three other contractors who could have done the work she gave to her friend Frank Sato.

Regarding the KLS contract, the Subcommittee also concluded that Inspector General Lau's justification for limiting competition was also unreasonable, and that two modifications to that contract clearly fell outside its scope. The Subcommittee's investigation, in fact, identified a pattern of careless management in the procurement process and in the OIG's oversight of performance under the KLS contract. The OIG engaged in poor procurement planning which resulted in five contract modifications, a four-fold increase in the contract's total price, and a 1 year's extension to the period of performance. In addition, the OIG paid for work that was not authorized by the contract or modifications, and payments were made to KLS without verification that work had been accomplished and without receipts for travel costs incurred by the contractor.

The Subcommittee found additional problems with the Treasury OIG's handling of issues relating to the controversy popularly known as "Filegate"—which began when the sensitive FBI background files of former Bush Administration officials and other prominent Republicans were acquired by Clinton Administration officials at the White House. Testimony given by White House officials to the House Committee on Government Reform and Oversight apparently conflicted with that given by two career Secret Service agents about the procedures used by the Secret Service to generate lists of White House passholders. This conflict led the Treasury OIG to begin an investigation into the Secret Service agents for perjury and/or false statements.

In looking into the OIG's handling of this investigation, the Subcommittee found the OIG's work to have been marked by inconsistencies and confusion from the start. The Subcommittee received conflicting reports about (a) who directed the opening of the investigation, (b) the nature and scope of the case, (c) who authorized or knew of changes in its scope, and (d) why accurate and complete information about the existence and nature of the investigation was concealed from Congress despite repeated inquiries by the Senate and the House. Indeed, the Subcommittee found that the Treas-



ury OIG had badly mishandled the inquiry—destroying documents, unfairly and inappropriately harassing and humiliating the two Secret Service agents, and misleading Congress about the nature of this investigation.

*Telecommunications: Telephone Slamming and Its Harmful Effects*  
(General Accounting Office, April 1998)

The General Accounting Office's Office of Special Investigations conducted a 4-month investigation of the types of entities that engage in slamming and the process by which such entities are able to defraud consumers.

This report provided evidence that shows telephone resellers are responsible for a disproportionate number of slamming complaints. While all telecommunications carriers have had slamming complaints against them, resellers are more often involved in many of the more fraudulent slamming practices.

The report showed that, because the FCC operates in a deregulation mode, there are no mechanisms in place to screen out fraudulent telecommunications providers and prevent them from entering the market. Even the minimum requirements that the FCC has in place to issue licenses are not enforced by the FCC until complaints are lodged against a particular carrier. To determine how easy it is to get an FCC license and get into the telecommunications business, GAO investigators filed a tariff with the FCC for a fictitious telecommunications company named "PSI Communications." Even though the GAO investigators did not provide all of the information required, within a day or so, PSI Communications received an FCC license and was officially authorized to be a telecommunications provider. Armed with the FCC license, GAO investigators contacted various facilities-based carriers, such as Sprint, MCI and AT&T, to see what requirements they would have to meet to become resellers for those carriers. Although the GAO investigators did not pursue this any further, they learned that as long as they signed an agreement to deliver a certain level of business, they could operate as resellers without meeting any additional requirements.

The GAO report also provided information on the enforcement actions against slamming taken by the States as compared to those actions taken by the FCC. The evidence shows that the States have been much more aggressive in their pursuit of slammers than the FCC has been.

As a case study of slamming, GAO presented the case of Daniel Fletcher, an individual who operated as a telecommunications reseller under at least eight different company names, repeatedly slamming thousands of consumers. By working with larger telephone resellers and billing agents, Mr. Fletcher was able to receive at least several million dollars in advance of billing his so-called customers, most of whom turned out to have been slammed by the Fletcher companies. When those resellers or billing agents became aware of the slamming complaints against one particular Fletcher company, Mr. Fletcher disappeared and continued to do business using another of his many fictitious companies.

Only after the FCC received numerous slamming complaints against the Fletcher companies did the Commission realize that Mr. Fletcher did not provide the information required by FCC regulations. Mr. Fletcher filed tariffs, required as a condition of obtain-

ing an FCC license, for only two of his companies. The FCC's efforts to locate him were futile, since his business addresses were all mail box drops and the contact phone numbers provided in the FCC applications all led to answering services. As a result, the FCC has not been able to collect the \$80,000 fine it assessed against one of the Fletcher companies. In June 1997, the FCC issued a proposed order to revoke the operating authority of the Fletcher companies, but has yet to finalize that order. Technically, under the law, Mr. Fletcher is still allowed to offer telecommunications services.

*Food Safety: Federal Efforts to Ensure the Safety of Imported Foods Are Inconsistent and Unreliable (General Accounting Office, April 1998)*

In May 1998, Chairman Collins released a report prepared by GAO in response to her request that it evaluate the Federal Government's efforts to ensure the safety of imported foods. This report contained recommendations—to Congress and to the Secretaries of Agriculture and of Health and Human Services—designed to enhance the Federal Government's authority to review the safety of food imports, improve the effectiveness and efficiency of systems and staff to screen imports, and strengthen internal controls.

The GAO report reached three principal conclusions. First, it concluded that weaknesses in import controls allow entry of unsafe food products. Without sufficient controls, unscrupulous importers can falsify laboratory test results on suspect foods in order to obtain an FDA release, sell potentially unsafe imported food before FDA can inspect it, and/or still sell imported foods that FDA has actually barred from entry. Second, the report found that Federal agencies could more effectively target resources on unsafe foods. Accordingly, GAO recommended that both FDA and FSIS modify their import information systems; among other things, such modifications should allow inspectors to access laboratory test results. Third, the report found that the lack of "equivalency authority"—the authority of U.S. regulators—to require countries to demonstrate that they have safety inspection systems equivalent to those of the United States before granting them authority to export to the U.S.—diminishes FDA's ability to protect American consumers from unsafe imported foods.

*Year-End Spending: Reforms Underway But Better Reporting and Oversight Needed (General Accounting Office, July 1998)*

During 1979 and 1980, the Governmental Affairs Committee's Subcommittee on Oversight of Government Management conducted an investigation and held hearings on the subject of "hurry-up spending"—unplanned, binge spending upon low-priority projects and items at the end of a fiscal year in order to use up available budgets. The Subcommittee concluded that inadequate management practices responsible for hurry-up spending cost the taxpayer, at a minimum, \$2 billion each fiscal year. In June 1997, Chairman Collins requested GAO to assist the Permanent Subcommittee on Investigations in determining if these management weaknesses had in fact been corrected.

GAO reported that changes in the budget environment and procurement reforms have made hurry-up spending a much less severe

problem than in 1980. Agencies spend far less today in the direct provision of goods and services, while payments to individual beneficiaries and grants to State and local governments have increased. This trend, combined with limits on discretionary spending, has significantly changed the budget environment for most agencies. At the same time, Congress has made funds available for longer periods for many agencies, which reduces the pressure to spend funds at the end of each year. In addition, systemic procurement reforms have addressed most of the issues raised in the Subcommittee on Oversight of Government Management's report—although problems persist in certain agencies and with some procurements.

Despite these changes, GAO reported that it is difficult to assess the patterns of spending during the year because reported quarterly budget execution data is not reliable. According to GAO, without complete and timely information for oversight, the Office of Management and Budget (OMB) and other decisionmakers do not have an accurate assessment of the financial status of Federal programs during the year. Even at year-end, there are significant differences in three comparable sets of data that agencies report to OMB and the Department of the Treasury. Although OMB officials stated that a new system they have developed—in conjunction with the Treasury Department—to collect year-end data starting in fiscal year 1999 should resolve or greatly alleviate the differences in year-end budget data, more work is needed to assure compliance with the requirement for quarterly data.

*“Slamming”—The Unauthorized Switching of Long-Distance Telephone Service (S. Rept. 105-259, July 23, 1998)*

Based on the findings and conclusions of the slamming investigation, the Subcommittee made the following recommendations:

1. Congress should enact legislation to remove the financial incentive to slam. Currently, companies engaging in slamming reap financial benefits from the theft of telephone service from unsuspecting consumers. Congress should make sure that crime does not pay.

2. Congress should enact legislation to eliminate deceptive methods of changing a consumer's long distance service provider, such as the so-called “welcome package.” A welcome package is material received by a consumer in the mail that requires the consumer to affirmatively reject the change in carrier; otherwise, the change goes into effect after 2 weeks. The problem is that these welcome packages look like junk mail, and many consumers simply discard them without reading the material.

3. Congress should enact legislation to establish tougher fines to deter slamming. Civil penalties must be tough enough so that they are not considered just the cost of doing business.

4. Congress should enact legislation that establishes criminal penalties for intentional and deliberate slamming. In addition to civil penalties, criminal penalties are needed to deter intentional slamming. Slamming is essentially stealing someone's long distance service, and it should be treated as such.

5. The FCC must be more consistent and aggressive in its enforcement efforts against companies that engage in slamming. The FCC currently has the authority to impose fines on those who engage in repeated and intentional slamming and to revoke the oper-

ating authority of carriers in the most severe cases. However, the use of this authority has been inconsistent, slow, and inadequate. The FCC must be as aggressive as many of the States have been in the enforcement of anti-slamming laws and regulations.

6. Congress should enact legislation that requires all carriers to report slamming complaints. The FCC must have accurate and up-to-date information to effectively investigate slamming complaints.

7. The FCC should review its licensing system for long distance providers, particularly with respect to switchless resellers, to determine how to screen out fraudulent providers. While the FCC is following Congress' direction to eliminate unnecessary requirements that would limit competition in the long distance market, the FCC must be able to enforce its orders and prevent fraudulent telephone service providers from remaining in the telecommunication business.

*Medicare HMO Institutional Payments: Improved HCFA Oversight, More Recent Cost Data Could Reduce Overpayments (General Accounting Office, September 1998)*

Medicare spending for home health agencies as a proportion of total Medicare outlays has been increasing steadily in recent years. By 1996, in fact, this ratio had risen to \$1 in every \$11 from only \$1 in every \$40 in 1989. To control this rapid cost growth, Congress in 1997 required HCFA to implement a prospective payment system that sets fixed, predetermined payments for home health services. Since its implementation on October 1, 1997, however, concerns have been raised about Medicare's home health interim payment system. Specifically, industry representatives have claimed that the system's new cost limits have caused some health agencies to close or made it difficult for some beneficiaries—particularly those with high-cost needs—to obtain care. In response to those concerns, Chairman Collins asked GAO to (1) identify the potential impact of the interim payment system on home health agencies; (2) determine the number, distribution, and effect of recent home health agency closures; and (3) assess whether the interim payment system could be affecting beneficiaries' access to services, particularly for beneficiaries who are expensive to serve.

The GAO report concluded that, during the time period studied, the new system had no significant affect either upon the Medicare beneficiaries' receipt of services or upon the home health industry's ability to provide services—although beneficiaries requiring more health care visits may find it more difficult to obtain care over an extended period of time. GAO noted, however, that the new system's affect upon any particular agency depends on several factors, including that agency's base-year costs, changes in the provision of services since the base year, how recently it entered the market, and its regional location.

*SEC Enforcement: Responses to GAO and SEC Recommendations Related to Microcap Fraud (General Accounting Office, September 1998)*

In December 1997 and February 1998, Chairman Collins and Ranking Minority Member John Glenn joined Representative John D. Dingell, Ranking Minority Member of the House Committee on Commerce, in requesting that GAO conduct an inquiry into re-

ported increases in microcap stock fraud. GAO's subsequent report detailed a number of actions taken by the Securities Exchange Commission (SEC) and the various State regulatory organizations (SROs) to enhance regulatory oversight of microcap stock firms and help provide investors with additional protection against abusive practices by such firms. GAO also detailed a number of steps that had not yet been taken in this regard, including: (a) steps to prevent the migration of unscrupulous brokers from the securities industry to other financial services industries; (b) modernization of the central registration database to improve oversight of problem brokers and public access to broker disciplinary histories; (c) improving the SEC's ability to identify trends in securities violations revealed during its broker-dealer examinations; and (d) provision of information on broker disciplinary histories before activity occurs in an account. GAO concluded that these reforms would further enhance regulatory oversight and investor protection.

